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MONTANA LEGISLATIVE HISTORY

Chapter 783 19 91

Bill H 340 S _____ Original bill & history X C

H. Committee on	Taxation / Appropriations		S. Committee on	Taxation	
Hearing Date(s)	3/20 - Tax	X C	Hearing Date(s)	4/10	X C
	3/26 Tax	X C		4/10	X C
	4/01 Appr.	X C			C
	4/01	X C			C
Date Out		C			

Did this bill originate in an interim committee? ___ Yes 9 No

Committee _____ Report _____

Chapter Page

782 *(House Bill No. 285; Schye)* AN ACT ALLOWING COUNTY COMMISSIONERS TO CHARGE FEES ON STRUCTURES FOR THE OPERATION OF A MOSQUITO CONTROL DISTRICT; AMENDING SECTION 7-22-2432, MCA; AND PROVIDING AN EFFECTIVE DATE. 2895

783 *(House Bill No. 340; Ream)* AN ACT TO GENERALLY REVISE THE TAXATION OF PRIVATE FOREST LANDS; DEFINING FOREST LAND AND FOREST PRODUCTIVITY VALUE; REQUIRING THE DEPARTMENT OF REVENUE TO VALUE FOREST LANDS OF 15 ACRES OR MORE ON THE BASIS OF PRODUCTIVITY BY CAPITALIZING THE NET INCOME OF FOREST LAND; AUTHORIZING THE DEPARTMENT OF REVENUE TO ESTABLISH FOREST VALUATION ZONES; PROVIDING FOR A TRANSITION PERIOD IN THE TAXATION OF FOREST LANDS BY EXTENDING THE TERMINATION DATE OF CLASS THIRTEEN PROPERTY; PROVIDING THAT CLASS THIRTEEN WILL APPLY TO THE TAXATION OF FOREST LANDS BEGINNING JANUARY 1, 1994; EXEMPTING TIMBER FROM AD VALOREM PROPERTY TAXATION; IMPOSING AN ASSESSMENT ON ALL PRIVATELY OWNED TIMBERLAND; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 15-1-101, 15-6-143, 15-6-201, AND 15-8-111, MCA, AND SECTION 10, CHAPTER 681, LAWS OF 1985; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A TERMINATION DATE. ... 2897

784 *(House Bill No. 360; Harper)* AN ACT PROVIDING TERMS FOR MEMBERS OF THE RESERVED WATER RIGHTS COMPACT COMMISSION; EXTENDING THE TERMINATION DATE FOR THE SUSPENSION OF ADJUDICATION REQUIREMENTS; AMENDING SECTIONS 2-15-212, 85-2-217, AND 85-2-702, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE. 2911

785 *(House Bill No. 391; Darko)* AN ACT TO INCLUDE CLERGY IN THE LIST OF PERSONS REQUIRED TO REPORT SUSPECTED CHILD ABUSE; AND AMENDING SECTION 41-3-201, MCA. 2913

786 *(House Bill No. 452; Larson)* AN ACT PROVIDING A 7-YEAR TAXABLE VALUE DECREASE FOR QUALIFYING MACHINERY AND EQUIPMENT OF EXPANDING INDUSTRIES THAT PROCESS MONTANA RAW MATERIALS OR USE MONTANA SEMIFINISHED PRODUCTS IN MANUFACTURING; DEFINING QUALIFYING PROPERTY; PROVIDING FOR GOVERNING BODY APPROVAL; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE. 2915

787 *(House Bill No. 454; Cobb)* AN ACT TO GENERALLY REVISE AND CLARIFY THE LAW RELATING TO APPROPRIATIONS; CODIFYING CONDITIONS FOR APPROPRIATIONS USUALLY CONTAINED IN EACH GENERAL APPROPRIATIONS ACT; PROVIDING FOR A STATUTORY APPROPRIATION OF THE INCOME AND EARNINGS OF COAL SEVERANCE TAX FUNDS; AMENDING SECTIONS 5-12-303, 17-1-102, 17-2-108, 17-5-704, 17-6-305, 17-6-306, 17-7-102, 17-7-304, 17-7-502, 20-9-343, AND 75-10-621, MCA; REPEALING SECTION 17-7-401, MCA; AND PROVIDING AN EFFECTIVE DATE, AN APPLICABILITY PROVISION, AND A TERMINATION DATE. 2918

788 *(House Bill No. 551; O'Keefe)* AN ACT AMENDING THE WASTEWATER TREATMENT REVOLVING FUND ACT TO ALLOW NET PROCEEDS OF BONDS TO BE DEPOSITED IN THE STATE ALLOCATION ACCOUNT; REMOVING THE REQUIREMENT THAT PRINCIPAL REPAYMENTS MUST BE CREDITED PROPORTIONATELY TO THE STATE ALLOCATION ACCOUNT AND THE FEDERAL ALLOCATION ACCOUNT; AUTHORIZING BONDS TO BE ISSUED BY RESOLUTION OR TRUST INDENTURE; REQUIRING LOCAL GOVERNMENTS TO ESTABLISH AND MAINTAIN RESERVES; AMENDING SECTIONS 75-5-1106, 75-5-1113, AND 75-5-1121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE. 2929

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HOUSE PAGE NO. 145, 550, 581, **646**, 681, **731**, 780, 2074, **2379**, **2424**, 2625, 2637, 2661, 2857.

SENATE PAGE NO. 496, 497, 861, 872, 885, 1070, 1123, **1166**, 1429.

337 INTRODUCED BY J. BROWN: A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF HIGHWAYS FOR SALARY ADJUSTMENTS FOR ENGINEERING AND MAINTENANCE PERSONNEL IN PROFESSIONAL AND MANAGEMENT POSITIONS EXCEPTED FROM THE STATEWIDE PAY PLAN."

HOUSE PAGE NO. 145, 196.

338 INTRODUCED BY REAM, ET AL. (BY REQUEST OF THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES): A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS RELATING TO TAX CREDIT FOR THE PURCHASE AND INSTALLATION OF LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES; INCREASING THE ALTERNATIVE ENERGY TAX CREDIT FOR CERTAIN TAXPAYERS; REDEFINING A LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICE; EXTENDING THE DATE FOR CERTAIN TAXPAYERS FOR WHICH THE ALTERNATIVE ENERGY TAX CREDIT MAY BE TAKEN TO DECEMBER 31, 1996; REDEFINING THE TAX-EXEMPT STATUS OF LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES; REDEFINING THE INVESTMENTS THAT QUALIFY FOR VENTURE CAPITAL AND OTHER INCENTIVES FOR BUSINESSES INVOLVED WITH NONFOSSIL FORMS OF ENERGY GENERATION TO INCLUDE LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES; AMENDING SECTIONS 15-6-201, 15-32-102, 15-32-201, AND 90-8-104, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

HOUSE PAGE NO. 145, 305, 313, 340, **360**, 383, **427**, 2126, **2379**, **2424**, 2553, 2579, 2626, 2779.

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339 INTRODUCED BY THOFT, ET AL. (BY REQUEST OF THE DEPARTMENT OF INSTITUTIONS): A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE MAXIMUM DOLLAR AMOUNT LIMIT FOR THE CONSTRUCTION OF A PROJECT USING INMATE LABOR; LIMITING PROJECTS USING INMATE LABOR TO THOSE FUNDED OR APPROVED BY THE LEGISLATURE; AMENDING SECTION 53-1-301, MCA; AND PROVIDING AN EFFECTIVE DATE."

HOUSE PAGE NO. 145.

340 INTRODUCED BY REAM, ET AL. (BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE): A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE TAXATION OF PRIVATE FOREST LANDS; DEFINING FOREST LAND AND FOREST PRODUCTIVITY VALUE; REQUIRING THE DEPARTMENT OF REVENUE TO VALUE FOREST LANDS OF 5 ACRES OR MORE ON THE BASIS OF PRODUCTIVITY BY CAPITALIZING THE NET INCOME OF FOREST LAND; AUTHORIZING THE DEPARTMENT OF REVENUE TO ESTABLISH FOREST VALUATION ZONES; PROVIDING FOR A TRANSITION PERIOD IN THE TAXATION OF FOREST LANDS BY EXTENDING THE TERMINATION DATE OF CLASS THIRTEEN PROPERTY; PROVIDING THAT CLASS THIRTEEN WILL APPLY TO THE TAXATION OF FOREST LANDS BEGINNING JANUARY 1, 1994; PROVIDING THAT LAND MUST BE CLASSIFIED AS AGRICULTURAL LAND IF

ITS GRAZING VALUE IS GREATER THAN ITS FOREST PRODUCTIVITY VALUE; EXEMPTING TIMBER FROM AD VALOREM PROPERTY TAXATION; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 15-1-101, 15-6-143, 15-6-201, AND 15-8-111, MCA, AND SECTION 10, CHAPTER 681, LAWS OF 1985; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A TERMINATION DATE."

HOUSE PAGE NO. 150, 1862, 1933, 1935, 2049, 2069, 2082, **2105**, 2131, **2176**, 2667, 2813, 2845, 2857, 2872, 3058, **3067**, 3101, 3179, 3184.

SENATE PAGE NO. 1327, 1328, 1448, 1611, **1663**, 2032, 2035, 2062, **2069**.

INTRODUCED BY BRADLEY, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LICENSURE OF PHYSICAL THERAPISTS AND THE PRACTICE OF PHYSICAL THERAPY; AUTHORIZING A LICENSED PHYSICAL THERAPIST TO APPLY AND ADMINISTER PRESCRIBED TOPICAL MEDICATIONS AS PART OF THE PRACTICE OF PHYSICAL THERAPY; DEFINING AND DESCRIBING TOPICAL MEDICATIONS; PROVIDING PRESCRIPTION, PURCHASING, AND RECORDKEEPING REQUIREMENTS APPLICABLE TO PHYSICAL THERAPISTS WHO ADMINISTER TOPICAL MEDICATIONS; REQUIRING THE BOARD OF PHYSICAL THERAPY EXAMINERS TO ESTABLISH BY RULE WRITTEN PROTOCOLS FOR THE DESCRIPTION, APPLICATION, AND ADMINISTRATION OF TOPICAL MEDICATIONS BY PHYSICAL THERAPISTS; NARROWING PRACTICE EXEMPTIONS; REVISING EXAMINATION PROCEDURES; AND AMENDING SECTIONS 37-11-101, 37-11-102, AND 37-11-304, MCA."

HOUSE PAGE NO. 150, 333, 354, **395**, 409, **448**, 1483, 1605, 1625, 1781, 1798, 2069.

SENATE PAGE NO. 306, 316, 821, 868, **913**.

INTRODUCED BY WANZENRIED, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT MANDATING WORKERS' COMPENSATION COVERAGE FOR INDEPENDENT CONTRACTORS, SOLE PROPRIETORS, WORKING MEMBERS OF A PARTNERSHIP, CORPORATE OFFICERS, AND DEPENDENT MEMBERS OF AN EMPLOYER'S FAMILY WHEN ANY OF THESE PERSONS ARE ENGAGED IN A CONSTRUCTION TRADE; CREATING REMEDIES FOR FAILURE TO PROVIDE COVERAGE; AND AMENDING SECTIONS 39-71-116, 39-71-401, 39-71-405, 39-71-721, 39-71-723, 39-72-102, AND 39-73-108, MCA."

HOUSE PAGE NO. 150, 551, 581, **647**, 681, **731**, 2222, **2380**, 2455, 2672, 2935, **2968**, **2994**, 3028, 3157, 3179, 3184, 3192.

SENATE PAGE NO. 496, 497, 1071, **1123**, **1164**, 1185, **1199**, 1216, 1231, **1254**, **1298**, 1431, 1657, 1915, 1939, 1987, **1991**, **1992**, 2128.

INTRODUCED BY J. JOHNSON, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A SCHOOL DISTRICT TO APPLY ANY REAPPROPRIATED GENERAL FUND BALANCE TO THE FUNDING FOR AN ADDITIONAL GENERAL FUND BUDGET AMOUNT RATHER THAN APPLYING THE BALANCE TO THE PERMISSIVE AMOUNT ADOPTED BY THE TRUSTEES OF THE DISTRICT; AMENDING SECTIONS 20-9-104 AND 20-9-141, MCA; AND PROVIDING AN EFFECTIVE DATE."

HOUSE PAGE NO. 150, 165.

INTRODUCED BY QUILICI, ET AL.: A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE TERM "OWNS OR OPERATES" FOR PURPOSES OF ESTABLISHING LIABILITY FOR REMEDIAL ACTION UPON RELEASE OF A HAZARDOUS OR DELETERIOUS SUBSTANCE; AND AMENDING SECTION 75-10-701, MCA."

HOUSE PAGE NO. 150.

1/22	FIRST READING		
1/25	REREFERRED TO APPROPRIATIONS		
3/19	HEARING		
3/22	TABLED IN COMMITTEE		

HB 338 INTRODUCED BY REAM, ET AL.

REDEFINE INCENTIVES FOR LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES

BY REQUEST OF DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

1/22	INTRODUCED		
1/22	REFERRED TO TAXATION		
1/22	FISCAL NOTE REQUESTED		
1/22	FIRST READING		
1/25	FISCAL NOTE RECEIVED		
1/28	FISCAL NOTE PRINTED		
1/31	HEARING		
2/01	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/05	2ND READING PASSED AS AMENDED	92	6
2/07	3RD READING PASSED	92	7
	TRANSMITTED TO SENATE		
2/08	FIRST READING		
2/08	REFERRED TO TAXATION		
3/13	HEARING		
3/27	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/01	2ND READING CONCURRED	33	13
4/02	3RD READING CONCURRED	37	13
	RETURNED TO HOUSE WITH AMENDMENTS		
4/08	2ND READING AMENDMENTS CONCURRED	92	5
4/09	3RD READING AMENDMENTS CONCURRED	89	9
4/15	SIGNED BY SPEAKER		
4/15	SIGNED BY PRESIDENT		
4/15	TRANSMITTED TO GOVERNOR		
4/17	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 467	EFFECTIVE DATE: 4/17/91	

HB 339 INTRODUCED BY THOFT, ET AL.

ELIMINATE MAXIMUM DOLLAR LIMIT ON PROJECTS USING INMATE LABOR

BY REQUEST OF DEPARTMENT OF INSTITUTIONS

1/22	INTRODUCED
1/22	REFERRED TO LABOR & EMPLOYMENT RELATIONS
1/22	FISCAL NOTE REQUESTED
1/22	FIRST READING
1/25	FISCAL NOTE RECEIVED
1/28	FISCAL NOTE PRINTED
2/21	HEARING
2/21	TABLED IN COMMITTEE

HB 340 INTRODUCED BY REAM, ET AL.

REVISE TAXATION OF PRIVATE FOREST LAND BASED ON FOREST PRODUCTIVITY VALUE

BY REQUEST OF REVENUE OVERSIGHT COMMITTEE

1/22	INTRODUCED
1/22	REFERRED TO TAXATION
1/23	FIRST READING
1/23	FISCAL NOTE REQUESTED
1/29	FISCAL NOTE RECEIVED
1/30	FISCAL NOTE PRINTED
3/20	HEARING
3/27	COMMITTEE REPORT—BILL PASSED AS AMENDED

3/27	REREFERRED TO APPROPRIATIONS		
4/01	HEARING		
4/01	COMMITTEE REPORT—BILL PASSED AS AMENDED		
4/02	2ND READING PASSED	67	33
4/04	3RD READING PASSED	68	31
	TRANSMITTED TO SENATE		
4/04	FIRST READING		
4/04	REFERRED TO TAXATION		
4/10	HEARING		
4/10	COMMITTEE REPORT—BILL CONCURRED		
4/13	FISCAL NOTE RECEIVED		
4/15	FISCAL NOTE PRINTED		
4/15	2ND READING CONCURRED	48	0
4/16	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE		
4/20	SIGNED BY SPEAKER		
4/20	SIGNED BY PRESIDENT		
4/20	TRANSMITTED TO GOVERNOR		
4/23	RETURNED TO HOUSE WITH GOVERNOR'S AMENDMENTS		
4/25	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	86	11
	TRANSMITTED TO SENATE		
4/29	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	48	0
4/29	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	48	0
	RETURNED TO HOUSE		
5/03	SIGNED BY SPEAKER		
5/03	SIGNED BY PRESIDENT		
5/03	TRANSMITTED TO GOVERNOR		
5/17	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 783		
	EFFECTIVE DATE: 07/01/91 - SECTIONS 1-5, 8-10, 12, 14-17, 19		
	EFFECTIVE DATE: 05/17/91 - SECTIONS 6, 11, 13, 18		
	EFFECTIVE DATE: 01/01/94 - SECTION 7		

HB 341 INTRODUCED BY BRADLEY, ET AL.

ALLOW LICENSED PHYSICAL THERAPISTS TO ADMINISTER CERTAIN TOPICAL MEDICATIONS

1/22	INTRODUCED		
1/22	REFERRED TO HUMAN SERVICES & AGING		
1/23	FIRST READING		
1/30	HEARING		
2/04	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/06	2ND READING PASSED	97	0
2/08	3RD READING PASSED	94	0
	TRANSMITTED TO SENATE		
2/09	FIRST READING		
2/09	REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY		
3/13	HEARING		
3/14	COMMITTEE REPORT—BILL CONCURRED		
3/16	2ND READING CONCURRED	49	0
3/18	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE		
3/23	SIGNED BY SPEAKER		
3/25	SIGNED BY PRESIDENT		
3/25	TRANSMITTED TO GOVERNOR		
3/29	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 237 EFFECTIVE DATE: 10/01/91		

HOUSE BILL NO. 340

INTRODUCED BY REAM, B. BROWN
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE HOUSE

JANUARY 22, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
JANUARY 23, 1991	FIRST READING.
MARCH 27, 1991	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
	ON MOTION, TAKEN FROM SECOND READING AND REREFERRED TO COMMITTEE ON APPROPRIATIONS.
MARCH 28, 1991	PRINTING REPORT.
APRIL 1, 1991	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
	PRINTING REPORT.
APRIL 2, 1991	SECOND READING, DO PASS.
APRIL 3, 1991	ENGROSSING REPORT.
APRIL 4, 1991	THIRD READING, PASSED. AYES, 68; NOES, 31.
	TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 4, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 10, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 15, 1991	SECOND READING, CONCURRED IN.
APRIL 16, 1991	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 17, 1991 — RECEIVED FROM SENATE.

SENT TO ENROLLING.

APRIL 19, 1991 — REPORTED CORRECTLY ENROLLED.

APRIL 20, 1991 — SIGNED BY PRESIDENT.

SIGNED BY SPEAKER.

DELIVERED TO GOVERNOR.

APRIL 25, 1991 — RETURNED FROM GOVERNOR WITH RECOMMENDED AMENDMENTS.

SECOND READING, GOVERNOR'S AMENDMENTS CONCURRED IN.

IN THE SENATE

APRIL 29, 1991 — SECOND READING, GOVERNOR'S AMENDMENTS CONCURRED IN.

THIRD READING, GOVERNOR'S AMENDMENTS CONCURRED IN.

IN THE HOUSE

APRIL 29, 1991 — SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

House BILL NO. 340

INTRODUCED BY Rep. Bob Brown

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE TAXATION OF PRIVATE FOREST LANDS; DEFINING FOREST LAND AND FOREST PRODUCTIVITY VALUE; REQUIRING THE DEPARTMENT OF REVENUE TO VALUE FOREST LANDS OF 5 ACRES OR MORE ON THE BASIS OF PRODUCTIVITY BY CAPITALIZING THE NET INCOME OF FOREST LAND; AUTHORIZING THE DEPARTMENT OF REVENUE TO ESTABLISH FOREST VALUATION ZONES; PROVIDING FOR A TRANSITION PERIOD IN THE TAXATION OF FOREST LANDS BY EXTENDING THE TERMINATION DATE OF CLASS THIRTEEN PROPERTY; PROVIDING THAT CLASS THIRTEEN WILL APPLY TO THE TAXATION OF FOREST LANDS BEGINNING JANUARY 1, 1994; PROVIDING THAT LAND MUST BE CLASSIFIED AS AGRICULTURAL LAND IF ITS GRAZING VALUE IS GREATER THAN ITS FOREST PRODUCTIVITY VALUE; EXEMPTING TIMBER FROM AD VALOREM PROPERTY TAXATION; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 15-1-101, 15-6-143, 15-6-201, AND 15-8-111, MCA, AND SECTION 10, CHAPTER 681, LAWS OF 1985; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A TERMINATION DATE."

WHEREAS, the Department of Revenue does not have adequate resources to properly administer the existing standing inventory method of taxing forest lands; and

WHEREAS, the standing inventory method of taxing forest lands encourages landowners to harvest timber without regard to good forest management; and

WHEREAS, the valuation of forest lands in Montana is often based on outdated information; and

WHEREAS, the Forest Taxation Subcommittee of the Revenue Oversight Committee found that the forest productivity method of taxing forest lands encourages good forest management and is a more equitable method of taxing forest lands; and

WHEREAS, the forest productivity method of taxing forest lands is in the long run easier and less costly to administer than the standing inventory method; and

WHEREAS, the Forest Taxation Subcommittee of the Revenue Oversight Committee recommends that forest lands be taxed on the basis of productivity; and

WHEREAS, it is the intent of the Legislature to implement the recommendation of the Forest Taxation Subcommittee of the Revenue Oversight Committee.

THEREFORE, it is the purpose of this bill to implement the recommendation to change the method of taxing forest lands in the state.

STATEMENT OF INTENT

INTRODUCED BILL
HB 340

A statement of intent is required for this bill because the department of revenue is granted authority to adopt rules for the administration and enforcement of the forest productivity method of taxing forest lands.

The legislature contemplates that rules adopted by the department should, at a minimum, address the following:

(1) guidelines for information that must be contained in the statement of intent submitted by the forest landowner as provided for in [section 2(5)(b)];

(2) the form to be used by the forest landowner for the statement of intent;

(3) the procedures for determining appropriate forest valuation zones and for computing forest land valuation schedules;

(4) the notification of landowners who may be eligible for forest land classification under this bill;

(5) the process by which a landowner may appeal the valuation of the owner's forest land; and

(6) the definition of terms and establishment of procedures as appropriate for the efficient administration of the forest productivity method of taxation.

In determining forest productivity values and in computing forest land valuation schedules, the department shall use the assistance of the university of Montana. The legislature also intends that, in implementing this bill, the department seek the advice of the department of state lands, landowners of private forest lands, the timber industry, and local governments.

LC 0014/01

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1.** Short title. [Sections 1 through 5] may be cited as the "Forest Lands Tax Act".

NEW SECTION. **Section 2.** Definitions. For the purposes of [sections 1 through 5], unless the context requires otherwise, the following definitions apply:

(1) "Culmination of mean annual increment" means the point of optimum net wood production on an acre of forest land.

(2) "Cultivated Christmas trees" means Christmas trees that are grown on land prepared by intensive cultivation and tilling, such as by plowing or turning over the soil, and on which all unwanted plant growth is controlled for the exclusive purpose of raising Christmas trees.

(3) "Department" means the department of revenue.

(4) "Forest" means forest land and the timber on the land.

(5) "Forest land" means contiguous land of 5 acres or more in one ownership that is capable of producing timber that can be harvested in commercial quantity and is producing timber unless the trees have been removed by man

through harvest, including clearcuts, or by natural disaster, including but not limited to fire. Forest land includes land:

(a) that has not been converted to another use; or

(b) that has a dedicated use that is evidenced by a statement of intent by the owner for the eventual harvest of timber.

(6) "Forest productivity value" means the value of forest land for assessment purposes, which value is determined only on the basis of its ability to produce timber, other forest products, and associated agricultural products through an income approach provided for in [section 3].

(7) "Harvest" means an activity related to the cutting or removal of timber for use or sale as a forest product.

(8) "Landowner" means an individual, corporation, association, company, firm, joint venture, syndicate, or trust.

(9) "Mean annual net wood production" means the average net usable volume of wood 1 acre of forest land will grow in 1 year under average current and actual forest conditions and under current and reasonable management practices for each forest valuation zone established under [section 3].

(10) "Stumpage value" means the amount that timber would sell for under an arm's-length transaction made in the

ordinary course of business, expressed in terms of dollars per unit of measure.

(11) "Timber" means all wood growth on privately owned land, mature or immature, alive or dead, standing or down, that is capable of furnishing raw material used in the manufacture of lumber or other forest products. The term does not include cultivated Christmas trees.

NEW SECTION. **Section 3. Legislative intent -- value of forest lands -- valuation zones.** (1) In order to encourage landowners of private forest lands to retain and improve their holdings of forest lands, to promote better forest practices, and to encourage the investment of capital in reforestation, forest lands must be classified and assessed under the provisions of this section.

(2) The forest productivity value of forest land must be determined by:

(a) capitalizing the value of the mean annual net wood production at the culmination of mean annual increment plus other agriculture-related income, if any; less

(b) annualized expenses, including but not limited to the establishment, protection, maintenance, improvement, and management of the crop over the rotation period.

(3) To determine the forest productivity value of forest lands, the department shall:

(a) divide the state into appropriate forest valuation

zones, with each zone designated so as to recognize the uniqueness of marketing areas, timber types, growth rates, access, operability, and other pertinent factors of that zone; and

(b) establish a uniform system of forest land classification that takes into consideration the productive capacity of the site to grow forest products and furnish other associated agricultural uses.

(4) In computing the forest land valuation schedules for each forest valuation zone to take effect on January 1, 1994, the department shall determine the productive capacity value of all forest lands in each forest valuation zone using the formula V = I/R, where:

(a) V is the per-acre forest productivity value of the forest land;

(b) I is the per-acre net income of forest lands in each valuation zone and is determined by the department using the formula I = (M X SV) + AI - C, where:

(i) I is the per-acre net income;

(ii) M is the mean annual net wood production;

(iii) SV is the stumpage value;

(iv) AI is the per-acre agriculture-related income; and

(v) C is the per-unit cost of the forest product and agricultural product produced, if any; and

(c) R is the capitalization rate determined by the

department as provided in subsection (6).

(5) Net income must:

(a) be calculated for each year of a base period, which is the most recent 5-year period for which data is available;

(b) be based on a rolling average of stumpage value of timber harvested within the forest valuation zone and on the associated production cost data for the base period from sources considered appropriate by the department; and

(c) include agriculture-related net income for the same time period as the period used to determine average stumpage values.

(6) The capitalization rate must be calculated for each year of the base period and is the annual average interest rate on agricultural loans as reported by the federal land bank association of Spokane, Washington, plus the effective tax rate.

(7) The effective tax rate must be calculated for each year of the base period by dividing the total estimated tax due on forest lands subject to the provisions of this section by the total forest value of those lands.

(8) For the purposes of this section, if forest service sales are used in the determination of stumpage values, the department shall take into account purchaser road credits.

(9) In determining the forest productivity value of

forest lands and in computing the forest land valuation schedules, the department shall use information and data provided by the university of Montana.

NEW SECTION. **Section 4.** **Reduction in valuation on forest lands for trees destroyed by natural disaster.** (1) Forest lands upon which, at any time after December 31, 1993, trees are destroyed by fire, disease, insect infestation, or other natural disaster so that the lands affected will not meet minimum stocking requirements are eligible for a reduction in value for the first 20 tax years following the loss.

(2) If a landowner shows to the department's satisfaction that the landowner's forest lands have been destroyed as provided in subsection (1), the department shall reduce the value of the forest land by 50% of the original forest productivity value per year.

NEW SECTION. **Section 5.** **Administration -- rules.** The department shall:

(1) administer and enforce the provisions of [sections 1 through 5];

(2) arrange for the preparation and distribution of forms and information necessary to administer the provisions of [section 1 through 5]; and

(3) promulgate rules necessary to administer and enforce the provisions of [sections 1 through 5].

Section 6. Section 15-6-143, MCA, is amended to read:

"**15-6-143. (Temporary) Class thirteen property -- description -- taxable percentage.** (1) Class thirteen property includes all timberland.

(2) Timberland is contiguous land exceeding 15 acres in one ownership that is capable of producing timber that can be harvested in commercial quantity.

(3) Class thirteen property is taxed at ~~the percentage rate "P"~~ 3.84% of the combined appraised value of the standing timber and grazing productivity of the property.

~~(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class thirteen property is 30% B, where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (5). The taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department before July 1, 1986.~~

~~(5) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class thirteen property using the formula B = X/Y, where:~~

~~(i) X is the appraised value, as of January 1, 1986, of all property in the state, excluding use changes occurring during the preceding year, classified under class thirteen as class thirteen is described in this section; and~~

~~(ii) Y is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class thirteen as class thirteen is described in this section.~~

~~(b) B shall be rounded downward to the nearest 0.0001%.~~

~~(6) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a valuation has been made as provided in 15-7-111. (Terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)~~"

Section 7. Section 15-6-143, MCA, is amended to read:

"15-6-143. ~~(Temporary)~~ Class thirteen property -- description -- taxable percentage -- alternative classification. ~~(1) Class thirteen property includes all timberland.~~

~~(2) Timberland is contiguous land exceeding 15 acres in one ownership that is capable of producing timber that can be harvested in commercial quantity.~~

~~(3) Class thirteen property is taxed at the percentage rate "P" of the combined appraised value of the standing timber and grazing productivity of the property.~~

~~(4) For taxable years beginning January 1, 1986, and thereafter, the taxable percentage rate "P" applicable to class thirteen property is 30% B, where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (5). The~~

~~taxable percentage rate "P" shall be rounded downward to the nearest 0.01% and shall be calculated by the department before July 1, 1986.~~

~~(5) (a) Prior to July 1, 1986, the department shall determine the certified statewide percentage increase for class thirteen property using the formula B = X/Y, where:~~

~~(i) X is the appraised value, as of January 1, 1986, of all property in the state, excluding use changes occurring during the preceding year, classified under class thirteen as class thirteen is described in this section, and~~

~~(ii) Y is the appraised value, as of January 1, 1985, of all property in the state that, as of January 1, 1986, would be classified under class thirteen as class thirteen is described in this section.~~

~~(b) B shall be rounded downward to the nearest 0.0001%.~~

~~(6) After July 1, 1986, no adjustment may be made by the department to the taxable percentage rate "P" until a valuation has been made as provided in 15-7-111. (Terminates January 1, 1991--sec. 10, Ch. 681, L. 1985.)~~

(1) Except as provided in subsection (5), class thirteen property includes all forest lands as defined in [section 2].

(2) Class thirteen property is taxed at the percentage rate "P" of its forest productivity value.

(3) For taxable years beginning January 1, 1994, and

thereafter, the taxable percentage rate "P" applicable to class thirteen property is 3.84%/B, where B is the certified statewide percentage increase to be determined by the department of revenue as provided in subsection (4). The taxable percentage rate "P" must be rounded downward to the nearest 0.01% and must be calculated by the department before July 1, 1994.

(4) (a) Prior to July 1, 1994, the department shall determine the certified statewide percentage increase for class thirteen property using the formula B = X/Y, where:

(i) X is the appraised value, as of January 1, 1994, of all property in the state, excluding use changes occurring during the preceding year, classified under class thirteen as class thirteen is described in this section; and

(ii) Y is the appraised value, as of January 1, 1993, of all property in the state that would be classified under class thirteen as class thirteen is described in this section as this section reads in 1993.

(b) B must be rounded downward to the nearest 0.0001%.

(5) If the department of revenue determines that the grazing value of a parcel of forest land is greater than the forest productivity value determined under [section 3], the land must be classified as agricultural land under 15-6-133."

Section 8. Section 15-1-101, MCA, is amended to read:

"15-1-101. **Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, poultry, bees, and other species of domestic animals and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a nonprofit corporation as defined in 35-2-102 or used for the production of income, except that property described in subsection (ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands and, beginning January 1, 1994, forest lands;

(C) single-family residences and ancillary improvements

and improvements necessary to the function of a bona fide farm, ranch, or stock operation;

(D) mobile homes used exclusively as a residence except when held by a distributor or dealer of trailers or mobile homes as his stock in trade;

(E) all property described in 15-6-135; and

(F) all property described in 15-6-136.

(e) The term "comparable property" means property that has similar use, function, and utility; that is influenced by the same set of economic trends and physical, governmental, and social factors; and that has the potential of a similar highest and best use.

(f) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(g) The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(h) The term "leasehold improvements" means

LC 0014/01

improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(i) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(j) The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

(k) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(l) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(m) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership.

This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(n) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

(o) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

(p) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

(q) The term "weighted mean assessment ratio" means the total of the assessed values divided by the total of the selling prices of all area sales in the stratum.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

Section 9. Section 15-6-201, MCA, is amended to read:

"**15-6-201. Exempt categories.** (1) The following categories of property are exempt from taxation:

(a) the property of:

(i) the United States, the state, counties, cities, towns, school districts, except, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, the property constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);

(ii) irrigation districts organized under the laws of

Montana and not operating for profit;

(iii) municipal corporations; and

(iv) public libraries;

(b) buildings, with land they occupy and furnishings therein, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of health and environmental sciences and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that meets the following conditions:

(i) is owned and held by any association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) is not maintained and operated for private or corporate profit;

(e) institutions of purely public charity;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public art galleries and public observatories not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. This property is also exempt from taxation under 61-3-504(2) and 61-3-537.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes, travel trailers, and campers;

(l) all watercraft;

(m) land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive

of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) property owned and used by a corporation or association organized and operated exclusively for the care of the developmentally disabled, mentally ill, or vocationally handicapped as defined in 18-5-101, which is not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and not held or used for private or corporate gain or profit. For purposes of this subsection (q), "nonprofit corporation" means an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) provided the tools are owned by the taxpayer, the first $15,000 or less of market value of tools that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

(s) harness, saddlery, and other tack equipment; and

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105; and

(u) beginning January 1, 1990, timber as defined in [section 2].

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

(b) $100,000 in the case of a multifamily residential

dwelling or a nonresidential structure."

Section 10. Section 15-8-111, MCA, is amended to read:

"**15-8-111. Assessment -- market value standard -- exceptions.** (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market

value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri;

(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual where the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Title 15 and Title 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) ~~Properties~~ Beginning January 1, 1990, and ending December 31, 1993, properties in 15-6-143, under class thirteen, are assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.

(e) Beginning January 1, 1994, properties in 15-6-143, under class thirteen, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(7) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

Section 11. Section 10, Chapter 681, Laws of 1985, is amended to read:

"Section 10. Effective date -- termination date. This act is effective January 1, 1986, and, except for ~~section--3~~ sections 2 through 4, terminates January 1, 1991."

NEW SECTION. **Section 12.** Appropriation. (1) There is

appropriated from the general fund to the department of revenue $614,076 to fund the determination of the forest productivity value of forest lands required by [section 3].

(2) There is appropriated from the general fund to the department of revenue $366,762 to administer the provisions of [sections 1 through 5 and section 7].

(3) Notwithstanding the provisions of 17-7-302 through 17-7-304, the unexpended appropriation in subsection (1) may be encumbered for payment in fiscal year 1994.

(4) Notwithstanding the provisions of 17-7-302 through 17-7-304, the unexpended appropriation in subsection (2) is reappropriated for fiscal year 1994.

NEW SECTION. **Section 13.** Codification instruction. [Sections 1 through 5] are intended to be codified as an integral part of Title 15, and the provisions of Title 15 apply to [sections 1 through 5].

NEW SECTION. **Section 14.** Saving clause. [This act] does not affect the rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

NEW SECTION. **Section 15.** Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are

severable from the invalid applications.

NEW SECTION. **Section 16.** Applicability -- retroactive applicability. (1) Except as provided in subsection (2), [this act] applies to taxable years beginning after December 31, 1993.

(2) [Sections 6 and 11] apply retroactively, within the meaning of 1-2-109, to taxable years beginning after December 31, 1990.

NEW SECTION. **Section 17.** Effective dates. (1) Except as provided in subsections (2) and (3), [this act] is effective July 1, 1991.

(2) [Sections 6 and 11] and this section are effective on passage and approval.

(3) [Section 7] is effective January 1, 1994.

NEW SECTION. **Section 18.** Termination. [Section 6 and section 10(6)(d)] terminate January 1, 1994.

-End-

STATE OF MONTANA — FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0340, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise the taxation of private forest lands; defining forest land and forest productivity value; requiring the Department of Revenue to value forest lands of 5 acres or more on the basis of productivity by capitalizing the net income of forest land; authorizing the Department of Revenue to establish forest valuation zones; providing for a transition period in the taxation of forest lands by extending the termination date of class thirteen property; providing that class thirteen will apply to the taxation of forest lands beginning January 1, 1994; providing that land must be classified as agricultural land if its grazing value is greater than its forest productivity value; exempting timber from ad valorem property taxation; providing appropriation; and providing effective dates, applicability dates, and a termination date.

ASSUMPTIONS:

1. It is assumed for the purposes of this note that current taxation practices (FY91) of class thirteen (timberland) will continue.
2. The proposal will not impact the taxable value of class 13 in FY92 and FY93.
3. In determining forest productivity values and in computing forest land valuation schedules, the Department of Revenue will use the assistance of the University of Montana.
4. Standing timber will be exempt from taxation beginning January 1, 1994.
5. The impact on University of Montana expenditures include 5.58 FTE in FY92 and FY93, and related operating costs. The University of Montana would be reimbursed for these costs through a contract with the Department of Revenue.
6. The Department of Revenue will incurred one-time costs for the transition to the new valuation system as shown below (in addition to the University of Montana contract).

FISCAL IMPACT:
see next page

Rod Sundsted 1-28-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Bob Ream 1/30/91
BOB REAM, PRIMARY SPONSOR DATE

Expenditures:

University of Montana (by contract with the Department of Revenue):

	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	0	5.58	5.58	0	5.58	5.58
Personal Services	0	139,270	139,270	0	145,964	145,964
Equipment Costs	0	100,000	100,000	0	40,000	40,000
Operating Expenses	0	30,000	30,000	0	20,000	20,000
Indirect Costs (20%)	0	53,854	53,854	0	41,193	41,193
Total	0	323,124	323,124	0	247,157	247,157

Department of Revenue:

	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	0	0	0	0	3.00	3.00
Personal Services	0	0	0	0	62,359	62,359
Equipment Costs	0	18,500	18,500	0	7,070	7,070
Operating Expenses	0	4,800	4,800	0	25,550	25,550
Total	0	23,300	23,300	0	94,979	94,979

Funding:

General Fund (01)	0	346,424	346,424	0	342,136	342,136

Revenue Impact:

The proposal includes the methodology (section 7) to compute a tax rate such that the total statewide taxable value of class thirteen will not change due to the change in valuation methods. However, two important points regarding taxable valuation are recognized. First, the proposed valuation method may provide shifting of taxable valuation between local taxing jurisdictions. The extent of this inter-jurisdiction shifting is unknown. Second, the proposal reduces the amount of acreage (from 15 contiguous acres to 5 contiguous acres) necessary to qualify as class thirteen property. This will result in landowners who currently have 5 to 15 contiguous acres of land with timber to seek reclassification of their property from class four to the more advantageous classification of class thirteen. The extent of the loss in taxable value due to this type of reclassification is unknown.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The University of Montana will have expenditures in FY 94 totaling $43,796. This includes $25,497 for personal services from 0.63 FTE, $11,000 for operating expenses and $7,299 for indirect costs. These cost would be funded by the general fund through a contract with the Department of Revenue.

The Department of Revenue will require nine temporary FTE at a cost of $198,308, $47,700 in operating expenses and $2,475 in equipment expenses for a total general fund cost of $248,483.

Technical Note:

Section 9(u) exempts standing timber from taxation beginning January 1, 1990. The date should be January 1, 1994.

HB 340

CHAIRMAN--DAN HARRINGTON
NORMAL SCHEDULE==> SITE: ROOM 437 DAYS: M,T,W,T,F TIME: 8:00 A.M.
SECRETARY-MONA SPAULDING

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0312	3/21			PASS AS AMENDED		3/28
HOFFMAN, DAVID			PROVIDE STATE FUNDING FOR DISTRICT COURT COSTS EXPENDED OVER MAX COUNTY LEVY			
HB0313	1/21	1/30		PASS AS AMENDED		1/30
MCCAFFREE, ED			REVISE TAX DEED NOTICE REQUIREMENTS			
HB0321	1/21	1/29		PASS AS AMENDED	APPROPRIATIONS	2/05
REAM, BOB			REQUIRE INTEREST/PENALTY ON CERTAIN TAXES BE DEPOSITED IN STATE GEN FUND			
HB0332	1/22	2/01	3/06	TABLED ON 03/07		
KADAS, MIKE			INCOME TAX CREDIT FOR 20% OF STUDENT LOAN INTEREST			
HB0334	1/22	1/31		PASS AS AMENDED		2/12
SWYSGOOD, CHARLES			ALLOW LIVESTOCK MOVED INTERSTATE TO BE TAXED ON A PRORATED BASIS			
HB0338	1/22	1/31		PASS AS AMENDED		2/01
REAM, BOB			REDEFINE INCENTIVES FOR LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES			
HB0340	1/22	3/20		PASS AS AMENDED	APPROPRIATIONS	3/27
REAM, BOB			REVISE TAXATION OF PRIVATE FOREST LAND BASED ON FOREST PRODUCTIVITY VALUE			
HB0384	1/24					
REAM, BOB			ESTABLISH OFFICIAL REVENUE ESTIMATE FOR THE 1992-1993 BIENNIUM			
HB0386	1/24	2/12		PASS AS AMENDED		3/18
SCHYE, TED			INCREASE GAS LICENSE TAX TO FINANCE CERTAIN STATE ROADS AND AREAS			
HB0392	1/25	2/06		PASS AS AMENDED		2/06
HOFFMAN, DAVID			REQUIRING AN ORGANIZATIONAL MEETING OF COUNTY TAX APPEAL BOARDS			
HB0394	1/25	2/01		TABLED ON 03/27		
NISBET, JERRY			ALLOW LOCAL GOVERNMENT TO IMPOSE LOCAL OPTION LODGING FACILITY USE TAX			

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on March 20, 1991, at 9:05 a.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

HEARING ON HB 983

Presentation and Opening Statement by Sponsor:

REP. BARDANOUVE, House District 16, Harlem, stated HB 983 is an attempt to fund our state park systems. Montana has some of the finest recreational sites you can name. We have been unable to maintain our park system because we have gotten into a budget crunch on general fund money. The last general fund money was lost in 1987. With the increased use of the parks, they have been deteriorating rapidly. The **Governor** has put some general fund money into the budget; however, he fears that we are headed

HEARING ON HB 267

Presentation and Opening Statement by Sponsor:

REP. REAM, House District 54, Missoula, stated HB 267 provides for a special four mill levy for capital improvements. The statutes already has provisions for a capital improvement fund by municipalities, but this would extend it to properties within the counties

Section 3 deals with property tax limitation. He feels that capital improvements are in a category by themselves particularly for small local governments that may have a need for a major capital improvement.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

REP. REAM made no closing statement.

HEARING ON HB 340

Presentation and Opening Statement by Sponsor:

REP. REAM, House District 45, Missoula, stated HB 340 comes from the Revenue Oversight Committee. There is a need for change in how we administer forest land and this bill addresses that.

Currently, forestation is suppose to be based on standing inventory which is the tree that are growing on a site at a particular point in time. The value of that inventory changes with time as trees grow, reach maturity, and are ready to be logged. At the time they are logged, we remove the standing inventory altogether and start at a lower tax valuation which would increase again in time. Unless you have many people updating such an inventory system and keeping track of what parcels are cut, it is a very costly process to administer. We have fallen behind in equitable evaluation around the state for different kinds of land owners. If you don't notify the Department that you have done logging on a site which would reduce the property evaluation, they will assume that it is still a standing timber crop at a relatively high value. The value fluctuates with the nature of the stand which leaves uncertainty in the process to local governments as to what their revenues will be.

HB 340 implements a new system that is based on productivity of the land itself or the ability to produce timber no matter what stage or growth that timber is. It will require up-front costs, but after that administration over time, would be much simpler that our current system because it is basically a one time assessment. Sections 1 - 5 are implementing the new system. The remaining sections deal with putting in the temporary situation for current Class 13 property which will take two year to implement.

Proponents' Testimony:

Don Allen, Montana Wood Products Association, stated that his association has worked on this issue for two years with the realization that the current system was designed to sunset this year. We worked very hard to generate some ideas as to which way to go and the result of all of this activity, HB 340 is being introduced.

The new system is easy to understand. Once in place it would lower administrative and maintenance for the Department and the taxpayer. It would tax timberland on the same basis as other agricultural lands which would make it easier to follow. There would be a steady revenue flow and a more stable tax base case for counties.

Al Kingston, Montana Tree Farm Committee, provided written testimony. **EXHIBIT 8**

Scott Snelson, Montana Wildlife Federation, stood in support of HB 340

Opponents' Testimony: None

Questions From Committee Members:

REP. M. HANSON asked **Don Allen** if the timber reevaluation going to be revenue neutral statewide. **Mr. Allen** deferred the question to **Randy Pearson, DOR. Mr. Pearson** said the intent of the bill is to be revenue neutral.

Closing by Sponsor:

REP. REAM said an approach like HB 340 is needed. He pointed out to the committee that it will have to go to Appropriations to get the funding or delay implementation and go ahead and pass the bill, get it into law, so that next time their will be money in the budget for it.

ADJOURNMENT

Adjournment: 12:00 p.m.

EXHIBIT 8
DATE 3-20-9
HB 340

COMMENTS ON HB-340
FOREST PRODUCTIVITY TAX

Mr. Chairman and members of this committee:

For the record, my name is Al Kington. I am a professional forester and a private land use consultant. Today I have been asked to present comments on behalf of the Montana Tree Farm Committee. Our group represents over 400 private tree farmers in the state who intensively manage their forest lands. About 2 million acres of private timber land are being managed under the tree farm program in Montana.

We have been involved with the proposed legislation for over a year and are grateful to the Revenue Oversight Committee for letting us participate in the process. The productivity tax on timber as presented reflects important objectives that we feel are necessary for cost effective and fair taxation of our private timberlands. These objectives include: 1) low administration costs; 2) providing for relatively stable revenue to counties; 3) should not subsidize nor discriminate and encourage the best use of land either into or out of forestry.

We appreciate the opportunity to present our position on this legislation and encourage passage of this bill.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB340

DATE 3/20 SPONSOR(S) Rep. Raser

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Don Allen	MT. Wood Products Assn	HB 340		✓
Al Kington	Mt. Tree Farm Com	HB 340		✓
Janet Ellis	MT Audubon	340		✓
Stan Bradshaw	MT F U.			✓
Trucker Hill	Champion Int'l			✓
Scott Snelson	MT Wildlife Fed			✓
Jon James Poling	Champion Int			✓
Thomas K Lamper	Plum Creek Timber Co			✓
Bob Lyons	CHAMPION INT			✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

for the cost of the study, (4) gives state authority to conduct special studies to bolster the Departments case against polluters violating the law, and (5) it assures the state authority to move ahead with special studies for enforcement should EPA extend the deadline for compliance with the Federal Clean Air Act.

Vote: Motion on the **REP. KIMBERLEY'S** amendments failed 9 to 12 on a roll call vote. **EXHIBIT 3**

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 781 DO PASS AS AMENDED. Motion carried 20 to 1 with **REP. ELLIOTT** voting no.

EXECUTIVE ACTION ON HB 147

Motion: REP. COHEN MOVED HB 147 MOVED HB 147 DO PASS.

Motion: REP. COHEN moved to amend HB 147. **EXHIBIT 4**

Discussion:

REP. COHEN said HB 147 addresses the realty transfer tax. The amendments determine how to determine what value the realty transfer tax would set on. It will be set on the assessed value of the property. This means if it is timber or agriculture land it is going to be against it productive value not its market value. The amendments also change this into a local option tax so it would be up to each county to decide whether they have need for this additional money for their planning boards.

Vote: Motion to amend HB 147 carried 20 to 1 with **REP. ELLIOTT** voting no.

Motion/Vote: REP. COHEN MADE A SUBSTITUTE MOTION THAT HB 147 DO PASS AS AMENDED. Motion carried 11 to 10 on a roll call vote. **EXHIBIT 5**

EXECUTIVE ACTION ON HB 340

Motion: REP. REAM MOVED HB 340 DO PASS.

Motion: REP. COHEN moved to amend HB 340. **EXHIBIT 6**

Discussion:

REP. COHEN said that HB 340 is for the productivity study for forest land. We must get this bill to Appropriations. The amendments removed the recommendation of the Revenue Oversight to go down to 5 acres with timber land, and we kept it at 15 acres; they raise the rate for the temporary class that we would be putting timber in; they adjust the date--rather then having the temporary class expiring in two year, we will go for 2 1/2 years; there is a contingent termination date that says if this money gets appropriated and the Department does not move forward with

the productivity study, this temporary class will terminate. The reason for this is because six years we passed a temporary class for timber and appropriated $197,000 so that the DOR could begin the productivity studies. A year later no productivity study had been done and we put the money back in the general fund.

REP. REAM said that he would not go along with the amendments. He stated that somebody who has 14 acres rather that 15 acres don't pay twice as much, five times as much, or 100 times more; they pay 200 time more than the person who has 15 acres. He thinks that is a terrible inequity. **REP. COHEN** said that what **REP. REAM** is concerned about is not that the person who has 15 acres is paying his fair share, but that the person who has 16 acres is not paying his fair share. He will be offering a reclassification bill to address the problem.

Vote: Motion to amend HB 340 carried 16 to 4 on a roll call vote. **EXHIBIT 7**

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 340 DO PASS AS AMENDED. Motion carried 19 to 2 with **REPS. HOFFMAN** and **M. HANSON** voting no.

EXECUTIVE ACTION ON HB 753

Motion: REP. COHEN MOVED HB 753 DO PASS.

Motion: REP. COHEN moved to amend HB 753. **EXHIBIT 8**

Discussion:

REP. COHEN said one of the concerns the Property Tax Subcommittee has was when we have these various proposals for economic development for business incubators. They were concerned about not just having an exemption from county taxes but concerned about the school taxes as well. Now, you don't apply to the county for the exemption but the DOR. If the DOR grants it, then you can go to the county which has the final say as to whether you get it or not.

REP. ELLIOTT asked **Mr. Heiman** what entities are exempt from property taxation. **Mr. Heiman** said most governmental entities, club houses, irrigation districts, churches, community service buildings, disabled or deceased residences, down-hole oil and gas wells and many more.

Vote: Motion to amend HB 753 carried 18 to 3 on a roll call vote. **EXHIBIT 9**

Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 753 DO PASS AS AMENDED. Motion carried 17 to 4 with **REPS. WANZENRIED, RANEY, ELLIOTT,** and **STANG** voting no.

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 3/26/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON P	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT P	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS X	✓		
REP. DAVE WANZENRIED	✓		

12.35
3-27-91
JDR

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Mr. Speaker: We, the committee on Taxation report that House Bill 340 (first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:
1. Title, line 8.
Strike: "5"
Insert: "15"

2. Page 4, line 22.
Strike: "5"
Insert: "15"

3. Page 10, line 9.
Strike: "3.84%"
Insert: "4%"

4. Page 13, line 2.
Strike: "3.84%/B"
Insert: "4%/B"

5. Page 22, line 7.
Strike: "1990"
Insert: "1994"

6. Page 25, line 7.
Strike: "December 31"
Insert: "June 30"

7. Page 27, line 15.
Following: "Termination"
Insert: "-- contingent termination"
Following: "."
Insert: "(1) Unless terminated earlier pursuant to subsection (2),"
Strike: "Section"
Insert: "section"

8. Page 27, line 16.
Strike: "January 1, 1994"
Insert: "July 1, 1993"

9. Page 27.
Following: line 16
Insert: "(2) [Section 6 and section 10(6)(d)] terminate on April 1, 1992, unless prior to that time, the director of revenue certifies to the revenue oversight committee that the department of revenue has begun the forest lands valuation process set forth in [section 3], including having entered into a contract with the university of Montana for the provision of information and data. Upon receipt of the certification, the chairman of the revenue oversight committee shall provide a copy of the document to the secretary of state."

Grazing Lands

10. Title, lines 15 through 17.
Strike: "PROVIDING" on line 15 through "VALUE;" on line 17

11. Page 13, lines 20 through 24.
Strike: subsection (5) in its entirety

EXHIBIT 6
DATE 3-26-91
HB 340

Amendments to House Bill No. 340
First Reading Copy

Requested by Property Tax Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
March 26, 1991

1. Title, line 8.
Strike: "5"
Insert: "15"

2. Page 4, line 22.
Strike: "5"
Insert: "15"

3. Page 10, line 9.
Strike: "3.84%"
Insert: "4%"

4. Page 13, line 2.
Strike: "3.84%/B"
Insert: "4%/B"

5. Page 22, line 7.
Strike: "1990"
Insert: "1994"

6. Page 25, line 7.
Strike: "December 31"
Insert: "June 30"

7. Page 27, line 15.
Following: "Termination"
Insert: "-- contingent termination"
Following: "."
Insert: "(1) Unless terminated earlier pursuant to subsection (2),"
Strike: "Section"
Insert: "section"

8. Page 27, line 16.
Strike: "January 1, 1994"
Insert: "July 1, 1993"

9. Page 27.
Following: line 16
Insert: "(2) [Section 6 and section 10(6)(d)] terminate on April 1, 1992, unless prior to that time, the director of revenue certifies to the revenue oversight committee that the department of revenue has begun the forest lands valuation process set forth in [section 3], including having entered into a contract with the university of Montana for the provision of information and data. Upon receipt of the

certification, the chairman of the revenue oversight committee shall provide a copy of the document to the secretary of state."

Grazing Lands

10. Title, lines 15 through 17.
Strike: "PROVIDING" on line 15 through "VALUE;" on line 17

11. Page 13, lines 20 through 24.
Strike: subsection (5) in its entirety

EXHIBIT 7
DATE 3-26-91
HB 340

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 3/24 BILL NO. 340 NUMBER 1

MOTION: Segmented Cohen's A(1) & A(2)

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	✓	
REP. ED DOLEZAL	✓	
REP. JIM ELLIOTT	✓	
REP. ORVAL ELLISON P		
REP. RUSSELL FAGG	✓	
REP. MIKE FOSTER	✓	
REP. BOB GILBERT P	✓	
REP. MARIAN HANSON	✓	
REP. DAVID HOFFMAN		✓
REP. JIM MADISON	✓	
REP. ED MCCAFFREE	✓	
REP. BEA MCCARTHY	✓	
REP. TOM NELSON	✓	
REP. MARK O'KEEFE	✓	
REP. BOB RANEY	✓	
REP. BOB REAM, VICE-CHAIRMAN		✓
REP. TED SCHYE		✓
REP. BARRY "SPOOK" STANG	✓	
REP. FRED THOMAS		✓
REP. DAVE WANZENRIED	✓	
REP. DAN HARRINGTON, CHAIRMAN	✓	
TOTAL		

16 : 4

passed.

CHAIRMAN--FRANCIS BARDANOUVE
SECRETARY-SYLVIA KINSEY
NORMAL SCHEDULE==> SITE: ROOM 104 DAYS: M,T,W,T,F TIME: 8:00 A.M.

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0298	1/21	3/08		DO PASS		3/23
COBB, JOHN			DELETES DEPT OF ADMIN'S REQUIREMENT TO INCLUDE CARE OF CAPITOL IN ITS BUDGET			
HB0299	2/13	3/19		PASS AS AMENDED		3/27
RICE, SHEILA			PROVIDE FOR PERMANENT PLACEMENT OF CHILDREN IN FOSTER CARE			
HB0300	1/21	3/11		DO PASS		3/25
O'KEEFE, MARK			ELIMINATE SALES OF STATE LAND ON AN INSTALLMENT BASIS			
HB0321	2/07	3/11		DO PASS		3/23
REAM, BOB			REQUIRE INTEREST/PENALTY ON CERTAIN TAXES BE DEPOSITED IN STATE GEN FUND			
HB0337	1/25	3/19		TABLED ON 03/22		
BROWN, JAN			APPROPRIATION TO DEPT OF HIGHWAYS FOR EXCEPTED EMPLOYEE SALARIES			
HB0340	3/27	4/01		PASS AS AMENDED		4/01
REAM, BOB			REVISE TAXATION OF PRIVATE FOREST LAND BASED ON FOREST PRODUCTIVITY VALUE			
HB0349	1/22	3/05		TABLED ON 03/23		
GERVAIS, FLOYD			APPROPRIATION TO ASSIST NON-BENEFICIARY STUDENTS ATTENDING TRIBAL COLLEGES			
HB0365	1/22	3/05		PASS AS AMENDED		3/25
SWYSGOOD, CHARLES			FUND MSU APPLIED GENETIC ENGINEERING TECHNOLOGY RESEARCH AND DEVELOPMENT			
HB0366	2/01	3/19		TABLED ON 03/22		
RUSSELL, ANGELA			APPROPRIATE MONEY TO FAMILY SERVICES TO PROVIDE SERVICES TO INDIAN CHILDREN			
HB0369	1/22	3/19		TABLED ON 03/22		
TOOLE, HOWARD			HEALTH EDUCATION SPECIALIST IN FAMILY PLANNING PROGRAM			
HB0370	1/22	3/11		TABLED ON 03/22		
KELLER, VERNON			APPROPRIATION BILLS TO SEPARATELY SHOW INCREASE OR DECREASE FROM PRIOR LEVEL			

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By Chairman Bardanouve, on April 1, 1991, at 11 a.m.

ROLL CALL

Members Present:

Francis Bardanouve, Chairman (D)
Ray Peck, Vice-Chairman (D)
Dorothy Bradley (D)
John Cobb (R)
Larry Grinde (R)
John Johnson (D)
Mike Kadas (D)
Berv Kimberley (D)
Wm. "Red" Menahan (D)
Jerry Nisbet (D)
Mary Lou Peterson (R)
Joe Quilici (D)
Chuck Swysgood (R)

Members Excused: Rep. Cody, Connelly, Grady, Thoft and Zook

Staff Present: Terry Cohea, Legislative Fiscal Analyst and Jim Haubein, LFA
Sylvia Kinsey, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Note: Chairmanship alternated between the Chair and the Vice Chair and is not always so designated.

HEARING ON HOUSE BILL 340

Requiring Interest & Penalty on Individual & Crop License Tax to Gen Fund

Presentation and Opening Statement by Sponsor:

REP. BOB REAM, House District 54, Missoula and Chief Sponsor of House Bill 340 said this bill came out of the revenue oversight committee dealing with the issue of forest land taxation. He said the system up to Jan. 1 of forest land taxation has been based on the standing inventory of timber on site. It means that in order to keep such a tax system current it is very labor intensive and requires periodic up dating. The inventory value

increases through the growth period, then when cut it goes back to zero value. The system would work if the inventory were up dated, but that has not been done since the 1950's. The Revenue Oversight Committee looked at other taxation systems in other states and provinces and came up with this recommendation which is a system based on the productive capacity of the land.

Proponents' Testimony: **Don Allen, Montana Wood Products Association** said their tax committee met for approximately 2 years looking toward the time when the existing tax that has been effect would expire. He said they tried to help to develop the best approach based on Montana's needs, Montana's forest industry and something which would encourage a good forestry in the future from the standpoint of the tax system itself. They met with the Revenue Oversight committee and tried to assist in working out a good system. They feel this bill is good, and it is unfortunate that the money to implement the bill did not get put in earlier.

Al Kington, Professional Forester and Private Land Use Consultant, Helena said he had been asked to present comments on behalf of the Montana Tree Farm Committee. He said this group represents over 400 private landowners in the state that intensively manage over 2 million acres of private timber land in the state of Montana. They have been involved in this proposed legislation for over a year and said they feel the productivity tax as presented, reflects important objectives they feel is necessary for cost effective and fair taxation of our private timber.

Questions From Committee Members: **REP. KADAS** asked if the administration supports this proposal? **Ken Morrison, Property Tax Administrator, DOR** said the administration and the DOR in particular worked with the Revenue Oversight Committee on this concept in terms of analyzing the different approaches they pursued. He said as he recalled, at that time the Director did not take a position on it, he left it up to the Revenue oversight Committee to decide what type of taxation system they wanted for timber in the state. He said he felt it is a good system and would be a major improvement over the current system.

REP. KADAS said we are caught in the position of either letting it drop and going back to the 30% which will not cost us anything, or spending $350,000 a year to do this. He wondered how the Administration came down on this. **Mr. Morrison** said that question would be better directed to the budget office.

REP. KADAS asked the budget office the question and **Curt Nichols, OBPP** said he had not been involved personally with the issues but they could get someone down who could answer the questions.

REP. SWYSGOOD said **Mr. Kington** had said he represented private landowners who had 2 million acres and asked **Mr. Allen** how many total acres of forest land is out there. **Mr. Allen** said 3 1/2

million acres total. **REP. SWYSGOOD** asked what this bill will do to the private forest land owner in regard to his method of cutting timber when he wants to do it as compared to the old law. **Mr. Allen** said under the current system you have the tax that is paid on the standing inventory, it is an ongoing type tax where it is updated each year. When you cut it you are supposed to report it to the DOR, they update their records and it comes off the record. There are no restrictions on when you can harvest the timber. Under the productivity tax it is an ongoing tax based on the lands ability to produce the timber. The plan is to develop those values and there would be a high, medium and low category in each of the different zones that would be outlined in the state. The ability to harvest would have no restrictions but it would not be a factor because you would be paying tax on the ability of the land to produce it rather than the value of the timber as it grows.

REP. SWYSGOOD referred to the second "whereas" in the bill and asked if **Mr. Allen** agreed with that statement. **Mr. Allen** said he thought in lines 2 through 4 the testimony that was heard in the Revenue Oversight Committee and in the subcommittee probably did lend itself to say that there are times, when situations out there where the various landowners might cut it prematurely but did not think it was a huge problem.

REP. SWYSGOOD asked, given what you just said, how is that going to change? **Mr. Allen** said the important thing is that if you are paying tax on the ability of the land to raise timber, then it would be in your best interest to manage it as well as possible to produce the best crop possible.

REP. QUILICI told **Mr. Morrison** he was not sure if the change in valuation method is good or bad, but was concerned that you have the University of Montana, by contract, doing a lot of this work with 5.58 FTE plus in '93 the Dept. has 3 more FTE doing this work. He asked why the emphasis be on U of M to do the majority of the work when you are the taxing authority. You are set up with the computing capabilities, and might be able to work CAMAS into it but he was sure the technology is there for the appraisals. He felt the fiscal note was backwards on how to get the job done. **Mr. Morrison** said the job is really in two parts. The part the University would be responsible for is determining what the land is capable of producing and the Forestry Department at the U of M has the capability of doing that with their computer, and doing a very good job. He said the DOR part would be to do the tax work using that productivity information. **REP. QUILICI** asked if this would make the state any money. **Mr. Morrison** said he thought that depends on what the taxable value rate is ultimately set.

REP. PECK asked **REP. REAM** about the $600,000 plus in the bill but the appropriation seems to total about $981,000 and referred to the two appropriation items on lines 2 and 5. **REP. REAM** said as he recalled, when the bill was drafted this was the estimate, and

his guess is the fiscal note is updated. **REP. MENAHAN** said the date says appropriated to fiscal '94. Is that for a 3 year long period? **Mr. Morrison** said that is correct. The study itself would be 2 1/2 years and then the University portion would be out of the picture and turn over the system to DOR to administer.

REP. PECK said the paragraph on the bottom of page 2 caused him concern. It says "may provide shifting if taxable valuation became local taxing jurisdiction". Then they go on to say the amount of shifting is unknown. He said if he were living in a high forest area he would be concerned about how much of that shifting is going to take place. They talk about the proposal reducing the amount of acreage from 15 contiguous acres to 5 contiguous acres necessary to qualify as class 13. He said they go on to say the extent of a loss in taxable value due to this type of reclassification is unknown. He felt there are two major unknown components dealing with this bill and you don't know what you are getting. **REP. REAM** said the 15 acres was amended in the House so it still has 15 in it. The Idaho system uses 5 acres as the cut off point and some of us felt there is a terrible inequity now between the person who owns 14 acres and the person who owns 15 acres. **REP. PECK** asked if he could get the extent of taxable loss due to reclassification and **REP. REAM** said there would be some changes within particular areas because of going to the productivity system. The over all revenues, because of the way it is drawn up, would be revenue neutral. There will be some shifts. The more productive sites will be paying more than the less productive ones.

REP. PECK told **REP. REAM** he had said revenue neutral and **Mr. Morrison** had said it may or may not be depending on the rates. The rates are not set in the bill? **REP. REAM** said that is a policy of the Legislature. It is set by a formula that would make it over all revenue neutral, but if we wanted to deviate from that formula in the future, that could be done. We will not know all the answers up front until the productivity study is completed. **Mr. Morrison** said the LFA did some studies on the impact and you may want to look at the report they did and he assumed it was revenue neutrality rates. There is a temporary increase in taxable value rates on standing timber between now and when the productivity tax would be put in place. The rates raise from 3.85% to 4% under section 6.

REP. KADAS said he was concerned about the amount of dollars needed to do this, and had talked to **REP. REAM** before about a severance tax or some other temporary tax to pay for this. Since there are 3 to 3 1/2 million acres of forest lands now, he would like to get his reaction to doing perhaps a 3 year, 10 cents an acre assessment to pay for this. **REP. REAM** said that is the prerogative of the Legislature, there are 3 1/2 million acres and it brings in about $2 million in revenue, so about 60 cents an acre is the current tax rate around the state as a whole. The 60 cents is all property tax and you are talking about a special tax to bring the money into the general fund to pay for this. **Mr.**

Morrison said they are not currently administering the program now, and have no severance tax on timber lands although we do have severance tax on other types of property.

REP. BARDANOUVE said it looks like without this bill the forest lands are in trouble. **REP. REAM** said yes, something has to happen. The other alternative might be to delay implementation. He said timber land has gone up dramatically although the tax notices do not go out until later in the year. **REP. KADAS** asked what it would go up to and **REP. REAM** said it would go from 3.84% to 30%.

There was some discussion as to the money needed to implement the bill, the tax increasing 8 times, a severance tax to pay for the implementation, etc. **CHAIRMAN BARDANOUVE** asked if the title of the bill was broad enough to add a tax. **Mr. Allen** said they feel they have acted on good faith on this subject all the way through and worked on it but feel as though they are caught in a trap. They did not oppose in House Taxation taking this from 3.84% to 4% in the sense of calculations done, they will oppose any attempt to have the industry fund this bill, whether it is a severance tax or goes by any other name because the industry has tough problems. There are mills closing and some curtailing. He said to implement this would cost about 1/2 of what it would cost to make the current system workable. He said there are a couple of other bills going through this session which have sections dealing with taxation in them that could be worked with.

REP. BARDANOUVE asked **Mr. Allen** which he would resist the most, raising it about 8 or 9 times or having an assessment. **Mr. Allen** said he was not sure that is the two choices. He said there are two other bills that could be worked with.

Closing by Sponsor: **REP. REAM** said he did want to clarify one thing, last spring we had Dr. Dave Jackson from the Forestry School at the University came and make a presentation on forest land taxation since that is his specialty. Then subsequent to that, in discussing going to the productivity based system, the DOR did contact the forestry school and there are some individuals, particularly Steve Running who is a leader in the world in terms of looking at forest productivity and looking at remote sensing techniques, and the use of satellite imagery to determine productivity. He has developed a model that he has been using for forest land management and that is how the tie was made between DOR and the school. They can use some of the existing technology that has been developed at the Forestry school. He said the report from the LFA for the DOR is available as is the one from the University.

SPEAKER HARPER said this bill has to be out today. They have no suspension of the rules for revenue bills, and unless you want to put a bill in jeopardy of getting a 2/3 vote in the Senate we need to get them out today and need to have not only the committee report but the printing report read today.

CHAIRMAN BARDANOUVE asked how the committee wished to approach the Harper and Bradley bills. **REP. KADAS** said he would like to send them both out the way they came to us since the House B & I Committee spent so much time working on them.They know the details and tried to work out a package that would work.

EXECUTIVE ACTION ON HOUSE BILL 795

Coal Tax Bonds to Finance Local Infrastructure Loans

Motion/Vote: REP. QUILICI moved to reconsider House Bill 795. Second by Rep. Kimberley. Motion passed 10 to 3 with 5 absent. Roll Call # 1.

Motion: REP. KIMBERLEY moved House Bill 795 do pass. Second by Rep. Kadas.

Motion to Amend: REP. KADAS moved to amend House Bill 795, **EXHIBIT 1.** Second by Rep. Kimberley. Motion passed 12 to 1 with Rep. Swysgood voting no and 5 members absent, roll call vote # 2.

Motion/Vote: REP. KIMBERLEY moved House Bill 795 do pass as amended. Second by Rep. Kadas. Motion passed 10 to 3 with 5 absent, roll call vote # 3.

EXECUTIVE ACTION ON HOUSE BILL 905

Building a New Century

REP. BRADLEY said the committee might want to hear from Rep. Sheila Rice since she headed the subcommittee that worked on the bill. She said she did not want to downgrade the work that subcommittee did.

REP. RICE said in the Business subcommittee there was a strong inclination to separate the two issues, one being infrastructure principal and interest subsidies and the other being grants for the state to use in local areas for building parks and historic sites. She said they spent a lot of time on it and that was what the subcommittee felt should be done.

REPRESENTATIVE BACHINI said after the subcommittee came back with their report it was felt by the whole committee that it was best to present these two bills separate to the whole House and let them decide.

REP. MENAHAN asked, in view of the loans to local governments, or the grants to local governments, is there any control over who and how much they can get? **REP. BRADLEY** said in the Harper bill there would be an interest and in some cases principal and interest subsidy and the control would be by the amount of interest available on the infrastructure trust fund. **REP. MENAHAN** said he meant control of the amount to the recipient. The larger areas have the vote power and no one else would get a

said he did not recall, he had not changed it and it would be the same as in the original bill.

Vote: Motion passed 9 to 4 with 5 absent, roll call vote # 9.

Motion/Vote: **REP. KADAS** moved House Bill 155 as amended do pass. Motion passed 9 to 4 with 5 absent, roll call # 11.

EXECUTIVE ACTION ON HOUSE BILL 340

Property Taxation of Forest Land Based on Forest Productivity Value

REP. KADAS said he would like to put on some kind of temporary assessment so the industry pays for this. He said the one that seems the simplest is 10 cents per acre for 3 years and sunset it after 3 years.

Motion to Amend: **REP. KADAS** moved House Bill 340 be amended to assess the industry 10 cents per acre and have the bill sunset in 3 years, **EXHIBIT 4.** Second by Rep. Nisbet.

Discussion: **REP. SWYSGOOD** said he understood the amendment because of the funding crunch, but had a concern about the way this bill was arrived at with the cooperation of all concerned. This would implement this tax on the landowners without their input. **REP. KADAS** said he would have a hard time voting for the bill if it came out of the general fund and if the bill fails they will see a tax increase of 8 times. He said he felt the Revenue oversight Committee came up with a good solution but the problem is how do we pay for it. Essentially the timber industry will benefit from going to the new tax and they ought to pay for the cost of it. **REP. PECK** said with nearly a million dollar hit on the general fund this bill might have a little trouble out on the floor if there isn't a revenue source in it.

Vote: Motion passed 9 to 4 with 5 absent, roll call vote # 11.

Motion/Vote: **REP. KADAS** moved House Bill 340 as amended do pass. Second by Rep. Nisbet. Motion passed 8 to 5 with 5 absent, roll call vote # 12.

Mrs. Cohea said she would need direction as to whether the 10 cent assessment is to go into a special revenue fund and the appropriation would be from that special revenue fund or does it go into the general fund? **REP. KADAS** said the general fund would be simpler. **REP. SWYSGOOD** said the bill currently appropriates out of the general fund. **REP. PECK** said let the money go to the general fund and then the bill will read right because it is appropriated out of the general fund.

ADJOURNMENT

Adjournment: 12:07 p.m.

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL **DATE** 4-1-91

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB	✓		
REP. DOROTHY CODY			✓
REP. MARY ELLEN CONNELLY			✓
REP. ED GRADY			✓
REP. LARRY GRINDE	✓		
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD	✓		
REP. BOB THOFT			✓
REP. TOM ZOOK			✓

2:30
4-1-91
JDS

HOUSE STANDING COMMITTEE REPORT

April 1, 1991

Mr. Speaker: We, the committee on Appropriations report that House Bill 340 (second reading copy -- yellow) do pass as amended .

Signed: _____
Francis Bardanouve, Chairman

And, that such amendments read:

1. Page 1, line 18.
Following: "TAXATION;"
Insert: "IMPOSING AN ASSESSMENT ON ALL PRIVATELY OWNED TIMBERLAND;"

2. Page 26, line 12.
Following: line 12
Insert: "NEW SECTION. Section 13. Assessment on privately-owned timberland -- collection -- disposition. (1) An assessment of $0.10 per acre or portion of an acre is imposed on all privately-owned timberland for tax years 1991 through 1993. The assessment is imposed on the owner of the land as of January 1 of each year.

(2) This assessment is done on November 30 of each year and must be paid with the property tax due as provided in 15-16-101.

(3) By September 1 of each year, the department of revenue shall provide county treasurers with a list showing: a) all owners of private timberland in the county as of January 1 of that year; and b) the number of acres of timberland owned by each as of January 1 of that year. The county treasurer must send each listed owner a bill for the assessment imposed in (1) with the property tax notice required in 15-16-101.

(4) The county treasurer must collect the assessment imposed in (1) and remit collections to the state treasurer by December 20 of each year.

(5) The state treasurer shall deposit all collections from the assessment imposed in (1) in the general fund. "
Renumber: subsequent sections

3. Page 27, line 6.
Following: "6"
Strike: "and 11"
Insert: ", 11, and 13"

4. Page 27, line 12.
Following: "[Sections 6]"
Strike: "and 11"
Insert: ", 11, and 13"

5. Page 28, line 4.
Following: line 3
Insert: "(3) [Section 13] terminates on January 1, 1994."

Ex. 17
4-1-91
HB 340

WITNESS STATEMENT

NAME Doug Abbott BILL NO. HB 340

ADDRESS Helena DATE 4/1/91

WHOM DO YOU REPRESENT? MT Wood Products Assoc.

SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

See minutes page 2

EXHIBIT 4
DATE 4-1-91
HB 340

Amendments to House Bill No. 340
Second Reading Copy

For the Committee on House Appropriations

Prepared by Teresa Olcott Cohea
April 1, 1991

1. Page 1, line 18.
Following: "TAXATION;"
Insert: "IMPOSING AN ASSESSMENT ON ALL PRIVATELY OWNED TIMBERLAND;"

2. Page 26, line 12.
Following: line 12
Insert: "NEW SECTION. Section 13. Assessment on privately-owned timberland -- collection -- disposition. (1) An assessment of $0.10 per acre or portion of an acre is imposed on all privately-owned timberland for tax years 1991 through 1993. The assessment is imposed on the owner of the land as of January 1 of each year.

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Renumber: subsequent sections

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Following: "6"
Strike: "and 11"
Insert: ", 11, and 13"

4. Page 27, line 12.
Following: "[Sections 6]"
Strike: "and 11"
Insert: ", 11, and 13"

Ex. 4
4-1-91
HB 340

5. Page 28, line 3.
Following: line 3
Insert: "(3) [Section 13] terminates on January 1, 1994."

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE TIME _____

DATE _____ BILL NO. HB 340 NUMBER 11

MOTION: Kadas

Exhibit 4 → ✓ 9 3 ✓

Amendments ✓ ✓ ✓ ✓ ✓

350,000 10K.00 9

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB		✓	
REP. DOROTHY CODY	-		✓
REP. MARY ELLEN CONNELLY			✓
REP. ED GRADY			✓
REP. LARRY GRINDE		✓	
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM."RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT			✓
REP. TOM ZOOK			✓
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	9	4	5

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE TIME _____

DATE 4-1-91 BILL NO. HB 340 NUMBER 12

MOTION: Kadas

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB		✓	
REP. DOROTHY CODY	ab		✓
REP. MARY ELLEN CONNELLY	ab		✓
REP. ED GRADY	ab		✓
REP. LARRY GRINDE		✓	
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM."RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI		✓	
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT			✓
REP. TOM ZOOK			✓
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	8	5	5

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 1300

DATE 4/1/91 SPONSOR(S) Rose

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Dave Allen	MT Good Roads Assn	HB 1300		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

CHAIRMAN--MIKE HALLIGAN
SECRETARY-JILL ROHYANS
NORMAL SCHEDULE==> SITE: RM 413/415

COMMITTEE--(S) TAXATION
DAYS: M,T,W,T,F TIME: 8:00 A.M.

BILL	= REFER =	= DATE	LATEST ACTION/DATE		
HB 153		01/25 (H) CHAPTER NUMBER SPONSOR: REAM, BOB	04/02 TITLE-CONFORM FILING DATES FOR WORKERS' COMP PAYROLL TAX TO INCOME TAX WITHHOLDING		EFFECTIVE DATE: 07/01/91
HB 193	R	01/31 (H) CHAPTER NUMBER SPONSOR: TOOLE, HOWARD	04/02 TITLE-EXEMPT STEP-CHILDREN FROM INHERITANCE TAX		EFFECTIVE DATE: 10/01/90
HB 262		02/01 (H) CHAPTER NUMBER SPONSOR: HARRINGTON, DAN	03/28 TITLE-REVISE MEANING OF TAXABLE VALUE USED IN CLASSIFICATION OF COUNTIES		EFFECTIVE DATE: 03/25/91
HB 312	A	04/05 (H) RETURNED FROM ENROLLING SPONSOR: HOFFMAN, DAVID	04/25 TITLE-STATE FUNDING OF YOUTH COURT MATTERS AND DISTRICT COURT OVER MAX COUNTY LEVY		
HB 313		02/05 (H) CHAPTER NUMBER SPONSOR: MCCAFFREE, ED	03/28 TITLE-REVISE TAX DEED NOTICE REQUIREMENTS		EFFECTIVE DATE: 10/01/91
HB 321		04/04 (H) SIGNED BY GOVERNOR SPONSOR: REAM, BOB	04/25 TITLE-REQUIRING INTEREST & PENALTY ON INDIVIDUAL & CORP LICENSE TAX TO GEN FUND		
HB 334	R	03/08 (H) SIGNED BY GOVERNOR SPONSOR: SWYSGOOD, CHARLES	04/25 TITLE-ALLOWING LIVESTOCK MOVED INTERSTATE TO BE TAXED ON A PRORATED BASIS		
HB 338		02/08 (H) CHAPTER NUMBER SPONSOR: REAM, BOB	04/22 TITLE-REDEFINING INCENTIVES FOR LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES		EFFECTIVE DATE: 04/17/91
HB 340	AR	04/04 (H) TRANSMITTED TO SENATE SPONSOR: REAM, BOB	04/25 TITLE-PROPERTY TAXATION OF FOREST LAND BASED ON FOREST PRODUCTIVITY VALUE		
HB 386	AR	03/23 (H) VETOED SPONSOR: SCHYE, TED	04/24 TITLE-GASOLINE TAX FOR STATE PARKS ROADS		
HB 422		02/14 (S) CHAPTER NUMBER SPONSOR: HOFFMAN, DAVID	04/04 TITLE-AUTHORIZE STATE TAX APPEAL BOARD TO USE HEARINGS OFFICERS		EFFECTIVE DATE: 03/29/91
HB 441		03/13 (H) CHAPTER NUMBER SPONSOR: PAVLOVICH, BOB	04/25 TITLE-REVISE DELINQUENT MOBILE HOME TAX LIABILITY		EFFECTIVE DATE: 10/01/91
HB 446		02/14 (H) CHAPTER NUMBER SPONSOR: NELSON, THOMAS	04/24 TITLE-PRICE MUST COVER ALL DUE IF TAX-DEED LAND PURCHASED BY DELINQUENT TAXPAYER		EFFECTIVE DATE: 04/20/91
HB 452	R	04/04 (S) 3RD READ FREE CC RPT ADOPTED SPONSOR: LARSON, DON	04/24 TITLE-PROPERTY TAX EXEMPTION FOR NEW AND EXPANDING INDUSTRIES		REPORT NO. 1
HB 481		02/19 (H) CHAPTER NUMBER SPONSOR: WALLIN, NORM	03/28 TITLE-AUTHORIZE SALE OF TAX-DEED LAND FOR MARKET VALUE TO PURCHASER AFTER AUCTION		EFFECTIVE DATE: 03/26/91
HB 513		02/19 (H) CHAPTER NUMBER SPONSOR: SIMPKINS, RICHARD	04/25 TITLE-REVISE PROVISIONS RELATING TO REFUND OF TAXES ILLEGALLY COLLECTED		EFFECTIVE DATE: 04/23/91
HB 518		04/04 (H) SENT TO ENROLLING SPONSOR: MESSMORE, CHARLOTTE	04/24 TITLE-ADVERTISEMENT AND HEARING BEFORE BUDGETING MORE PROPERTY TAX REVENUES		
HB 543	R	03/13 (H) CHAPTER NUMBER SPONSOR: DARKO, PAULA	04/20 TITLE-CLARIFYING THE ELIGIBILITY FOR THE CREDIT FOR EMPLOYER PROVIDED DAY-CARE		EFFECTIVE DATE: 04/15/91
HB 550	AR	04/04 (S) ADVERSE COM RPT ADOPTED	04/09 (S) TAXATION		

MINUTES

MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on April 10, 1991, at 7:00 a.m.

ROLL CALL

Members Present:
Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 795

Presentation and Opening Statement by Sponsor:

Rep. Harper, District 44, said this bill addresses the infrastructure needs of the state. He said everyone agrees with the Governor that there are tremendous infrastructure needs in the state. His testimony is contained in Exhibit #1. Rep. Harper also presented proposed amendments as per Exhibit #2. he noted a 3/4 vote is not necessary because the bill only directs the spending of interest rather than the coal trust fund principal. He said this approach is fiscally conservative and responsible. As supporting material, Rep. Harper presented a spread sheet from the Office of Budget and Program Planning (Exhibit #3).

HEARING ON HOUSE BILL 340

Presentation and Opening Statement by Sponsor:

Rep. Ream, District 54, said the bill was introduced at the request of Revenue Oversight Committee and the Subcommittee on Forest and Timber Land. Timber taxation has been based on the standing inventory method of taxation until this time. The older the stand of trees the more valuable it is which is an incentive to cut the timber in order to cut taxes. This is certainly not an incentive to good forest management.

Rep. Ream said in order to fairly tax it is important to have a current inventory system in place. This bill is modeled after the Idaho system and was drafted by Mr. Martin. It converts the Montana timber tax to productivity basis. There will be a one time analysis of productivity which will entail a cost. Faculty members from the University of Montana presented a proposal to the Revenue Oversight Committee on productivity based taxation which was an outstanding piece of work (Exhibit #41). The ROC adopted the report which became the basis for this bill. They will provide a computer model for DOR to use to base their calculations on which is very accurate. It will take three years to get it in place - two years for the productivity data to be gathered and one year to superimpose the land ownership maps on the data base. He noted there will be many applications the data can be used for such as game management and natural resources information. The cost of the project will be $350,000 a year for the next two years financed by a 10 cents an acre fee on timber.

Proponents' Testimony:

Jim Jensen, Environmental Information Center, said the policy to date has been plant a tree, plant a tax, cut a tree, cut a tax. He said this bill is definitely the right course to take both from an environmental standpoint as well as a tax base.

Don Allen, Montana Wood Products Association, said his organization's tax committee has worked on this for the past two years in anticipation of the standing inventory tax expiring. He said they support this approach very strongly as it provides predictability and stability. He said they are not too happy with the 10 cent fee as recent administrations and legislatures have totally ignored the expiration date. He said it does not seem right to tax an industry in order to implement a tax on that same industry. However, since the legislature is unlikely to fund the imposition of the tax his organization will absorb the 10 cents an acre fee for 2 years because it is so important to implement the tax and they do not want to jeopardize the bill.

Rep. Cohen, District 3, said it was his idea to have ROC address this issue. He felt the provisions in the bill are well developed and the right course to take. The productivity tax is fair and provides the incentive for forest development and growth.

Janet Ellis, Montana Audubon Legislative Fund, presented her testimony in support of the bill (Exhibit #42).

Al Kington, professional forester and land consultant, representing the Montana Tree Farmers, said this is fair legislation. It does not discriminate against or benefit anyone in particular. He does not like the 10 cent fee, but agreed to support it at the 3.84% level rather than 4%

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Due to time constraints, there were no questions.

Closing by Sponsor:

Rep. Ream closed by saying he would like to keep the 10 cent an acre fee in place for two years and put it into the general fund the third year. He said the bill presents a reasonable approach to accomplishing the goal of tax reform for the forestry industry.

EXECUTIVE ACTION ON HOUSE BILL 340

Recommendation and Vote:

Senator Eck moved HB 340 Be Concurred In.

The motion CARRIED unanimously.

HEARING ON HOUSE BILL 976

Presentation and Opening Statement by Sponsor:

Representative Swysgood, District 73, said this is the same bill as the talc bill of the 1989 session. He said there is no vermiculite mined in the state at this time, however production

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 4/6/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

DATE April 10, 1991

COMMITTEE ON Senate Taxation

HB 795 1012 973 321 340 976

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Bob Stephens	Mt Grain Growers Ass'n	973		X
Evelyn Stevenson	CSKT Tribes	1012		X
DARYL REED	OLYMPUS ENVIRONMENTAL	973	X	
Jean Riley	Petroleum Tank Release Compensation Board	973	X	
Cindy Anderes	Dept of Rev Motor Fuels Tax	973		
Dorothy Chamberlain	Jocko Smoke King	1012		X
Bob Wolke	Self	1012		X
Jay DENNEEN	Stoltze Montesbic	1012		X
Jim Lochrie		795	X	
Dave Hardin	Stoltze Majestic	1012		X
Frank J Smith	H & S Vending	1012		X
Al Burgess	East Mont Wholesale	1012		X
JAMES TUTTWILER	MT Chamber	HB 795	✓	
Gordon Morris	MACo	HB 973	✓	
Stephen D. Visscher	WPMT	HB 973	✓	
Jerry Stinson	Big Sky Brokerage	HB 1012		✓
Anna M. Miller	DNRC	HB 795		
John Tubbs	DNRC	HB 795		
Charles Brooke	Conrad	HB 795		
Rep Bob Backus	Self	HB 795	✓	
Lorna Frank	Farm Bureau	HB 973		X
Don Allen	MT Wood Products Assn	HB 340	✓	
Glenn M. Taylor	City of Missoula	HB 795	✓	
Alec Hansen	MLCT	HB 795	✓	
Jeff Miller	Department of Revenue	HB 1012	✓	
F L. Mahan	SOP Superintendent Sch Dist	973		

(Please leave prepared statement with Secretary)

DATE 4/10

COMMITTEE ON Legislation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Allen Stout	Municipal Products Assn	976	✓	
Jaime Oberg	Montana Solid Waste Contractors	973	✓	
anet Ellis	MT Audubon	HB 340	✓	
Clifton Langhorn	Mt. Dept of Revenue	1012	—	
Ken Hordan	MT Motor Carriers Assn	973		X
ERIC KARLAN	Indian Retailers	1012		X
Stan Bousfield	MT Mining Assoc.	HB976	X	
Christine Kaufmann	MEIC	HB973	✓	
Bill Stevens	Mt Food Dist Assn	1012	✓	
Peggy Egan	Self			✓
Al Newton	Mt Tree Farm Com	HB 340	✓	
Earl D. Lewis	W. R. Grace & Co.	HB976	✓	
Jim Jensen	METC	HB340	X	
Stan Bradshaw	MT. T.U.	HB340	✓	
~~Proof~~				

(Please leave prepared statement with Secretary)

SENATE TAXATION
EXHIBIT NO. 4/
DATE 4/10/91
BILL NO. HB 340

A PROPOSAL TO THE MONTANA DEPARTMENT OF REVENUE

TO BUILD A BIOPHYSICALLY BASED SYSTEM OF POTENTIAL FOREST PRODUCTIVITY FOR USE AS A BASIS FOR FOREST LAND TAXATION

BY

DR. KELSEY MILNER, PROJECT DIRECTOR
DR. STEVEN W. RUNNING
DR. HANS ZUURING

SCHOOL OF FORESTRY
UNIVERSITY OF MONTANA
MISSOULA, MONTANA 59812

16 NOVEMBER 1990

PROPOSED DURATION:
1 JULY 1991 - 30 JUNE 1994

PROPOSED BUDGET:
$614,076

PHONE NUMBERS:
K. Milner 243-6653
S.Running 243-6311
H.Zuuring 243-6456
FAX # 243-4510

Executive Summary

We propose a system for estimating and mapping the potential productivity (cu.ft/acre/year) of commercial forest land in Montana. The maps produced by the system will contain the attributes required by the Department of Revenue for implementation of a forest productivity based tax system.

We have completed a pilot study that demonstrates the proposed system which links a biological model of photosynthesis to a geographic information system (GIS). The result is a map of the University of Montana's Lubrecht Experimental Forest showing productivity classes, forest/non-forest boundaries, and section, township and range lines. We estimated productivity for every acre but mapped the results at a resolution of 5 acres. Eight productivity classes are displayed in order to show the capability of the system, though a smaller number of more broadly defined classes is easily obtained.

The proposed system has a number of positive qualities:

1. **Low initial cost.** The estimated total cost of the completed project, covering 3.6 million acres, is $500,000. This translates to a per acre cost of $0.14. Alternatives would be approximately double this amount.

2. Reasonable time frame. Initial maps for high priority counties would be available within 18 months of a July 1, 1991 starting date. The project would be completed by June 30, 1993.

3. Strong defensibility. Our system contains scientifically sound, well tested, components that reflect more than ten years of research and successful application. Tests to date indicate that the system is significantly more accurate than traditional productivity estimation methods.

4. Uses existing information. The data bases required by the system are currently available. The high cost and great difficulty of collecting the large quantities of productivity data necessary for alternative methods is avoided.

5. Other applications. The assembled statewide data bases, including satellite imagery, soils, topograpy, climate, and rectangular survey will be invaluable for use in a wide variety of land use planning activities.

forest mgt.
wildlife mgt.
County land use planning
Surface water

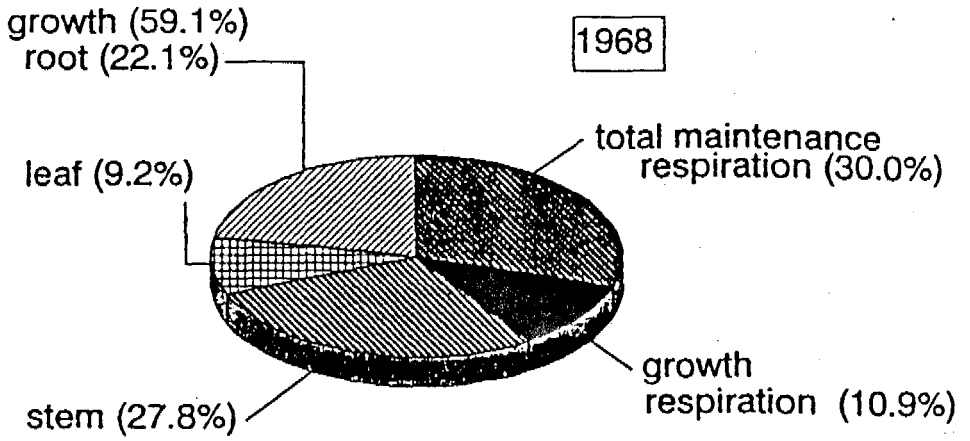
PROPOSED BUDGET

UNIVERSITY OF MONTANA, SCHOOL OF FORESTRY
BUDGET: MONTANA DEPARTMENT OF REVENUE TAX PROPOSAL
TIME PERIOD: July 1, 1991 - June 30, 1994

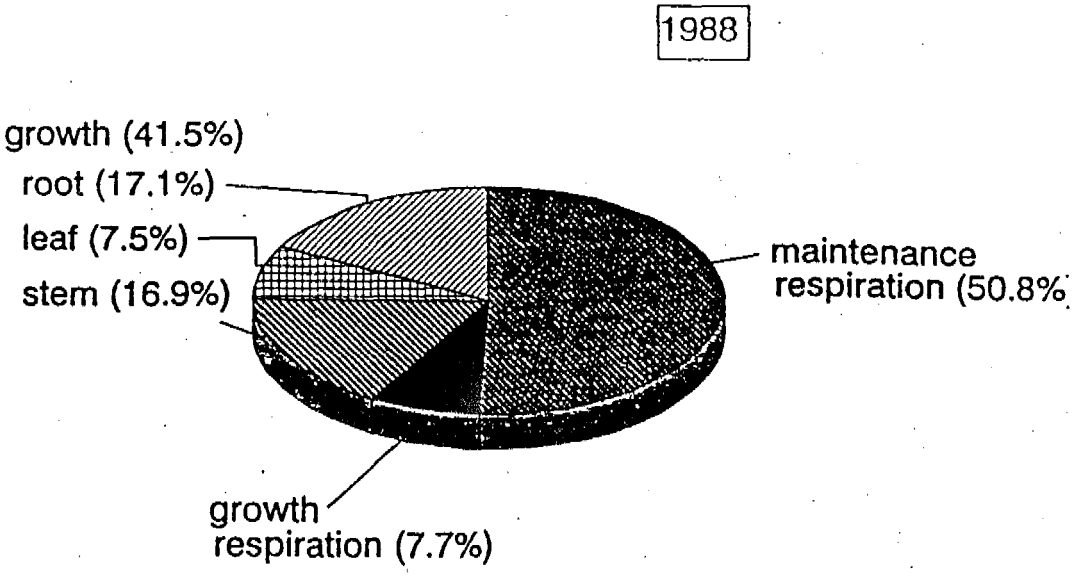
	YEAR 1 (7/91-6/92)		YEAR 2 (7/92-6/93)		YEAR 3 (7/93-6/94)	
SALARIES	Effort (mo)	Cost	Effort (mo)	Cost	Effort (mo)	Cost
K. S. Milner	3	$10,500	3	$11,025	0.5	$1,929
S.W. Running	1	$5,000	1	$5,250	0.5	$2,756
H. Zuuring	3	$12,000	3	$12,600	0.5	$2,205
Tech - GIS	12	$30,000	12	$31,500	6	$13,779
Tech - Field	12	$24,996	12	$26,246		
Tech - Remote sensing	12	$30,000	12	$31,500		
Subtotal		$112,496		$118,121		$20,670
FRINGE BENEFITS						
P.I.'s (19%)		$5,225		$5,486		$1,309
Technicians (19% + 150/mo.)		$21,549		$22,357		$3,518
Subtotal		$26,774		$27,843		$4,827
CAPITAL EQUIPMENT						
One 486' computer		$10,000				
TM tapes		$40,000		$40,000		
ERDAS system		$50,000				
Subtotal		$100,000		$40,000		
TRAVEL						
Training, public meetings field validation		$20,000		$10,000		$10,000
Subtotal		$20,000		$10,000		$10,000
SUPPLIES/SERVICES						
Supplies		$10,000		$10,000		$1,000
Subtotal		$10,000		$10,000		$1,000
TOTAL DIRECT COSTS		$269,270		$205,964		$36,497
INDIRECT COSTS (20% direct)		$53,854		$41,193		$7,299
TOTAL COSTS		$323,124		$247,157		$43,796
GRAND TOTAL		$614,076				

THEORETICAL BACKGROUND OF THE BIOPHYSICAL MODEL

Simulated Carbon Balance for Co-Dominant Tree

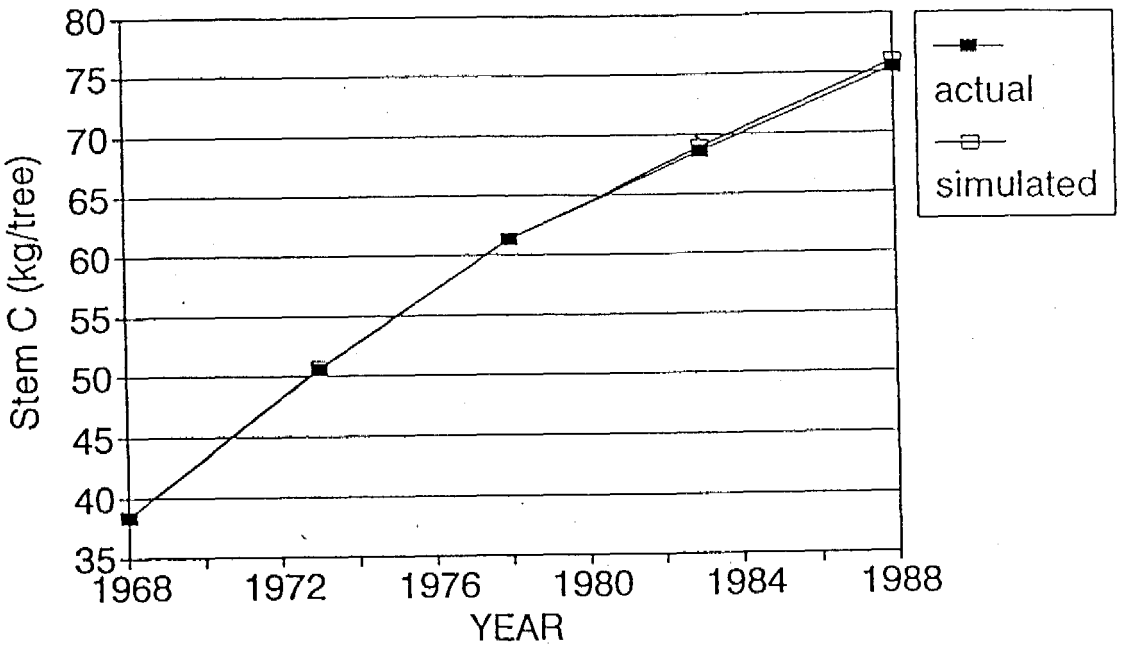


Age = 37 years; LAI = 3.0; DBH = 5.9 cm; Height = 4.68 m

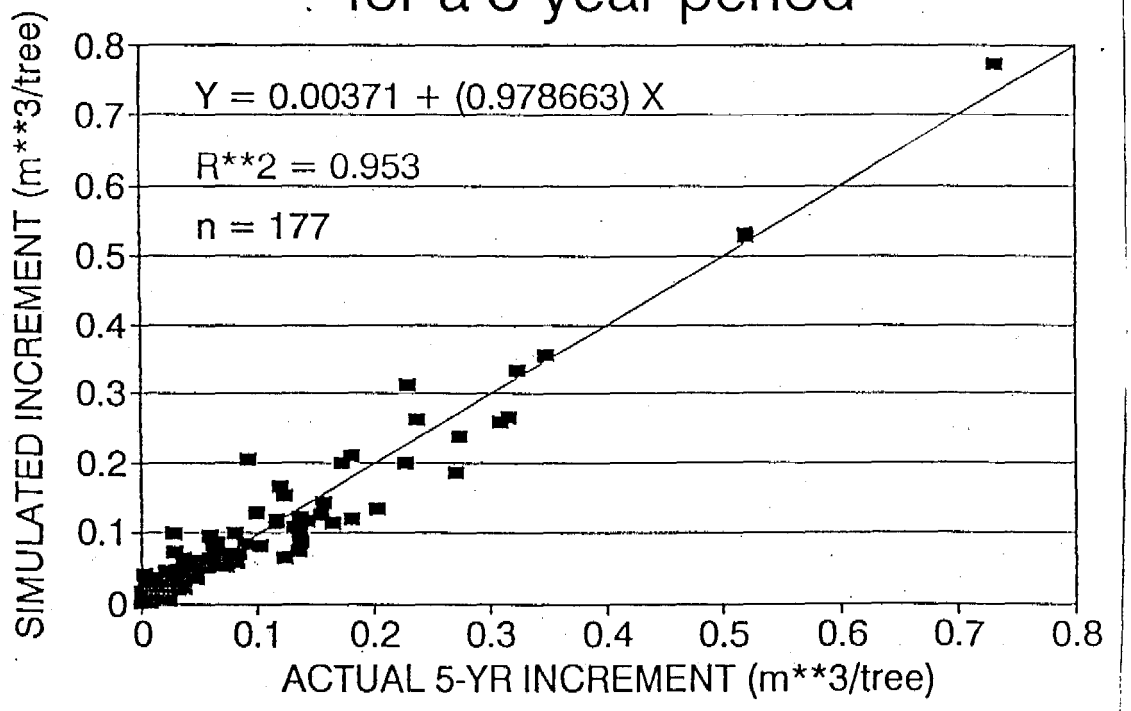


Age = 57 years; LAI = 3.0; DBH = 11.1 cm; Height = 6.64 m

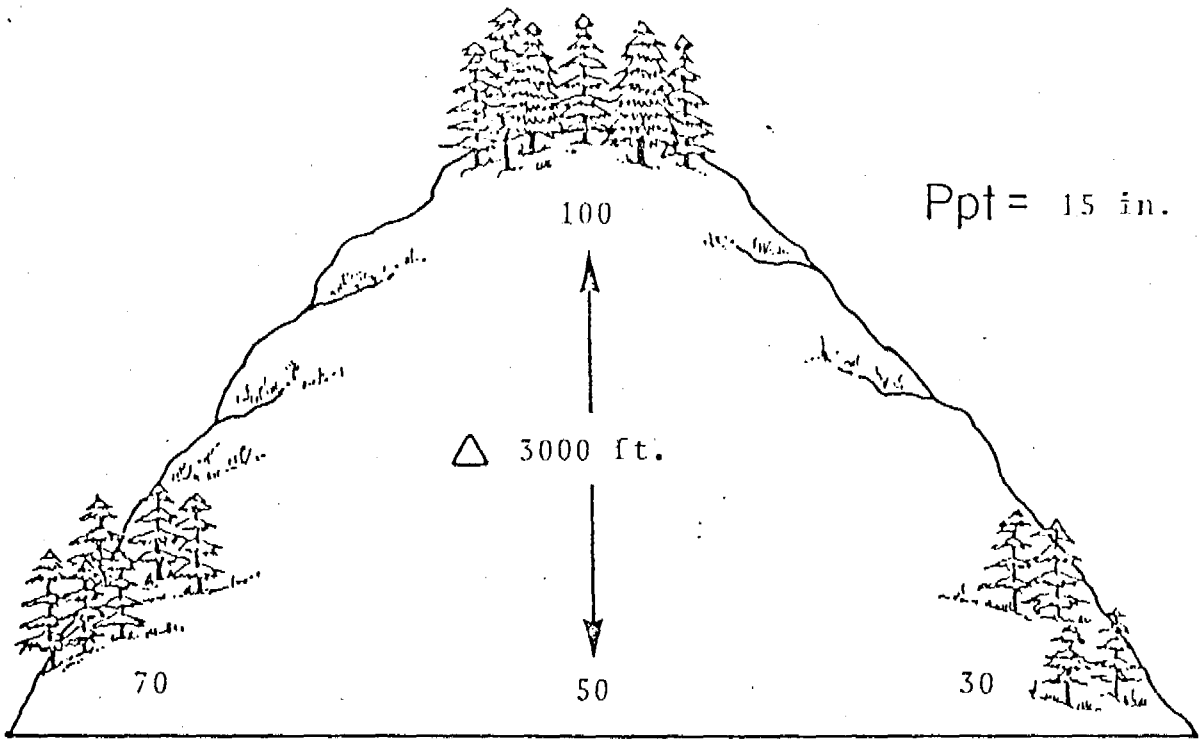
20 Year Growth of Co-Dominant Tree



Simulated -vs- Actual for a 5-year period

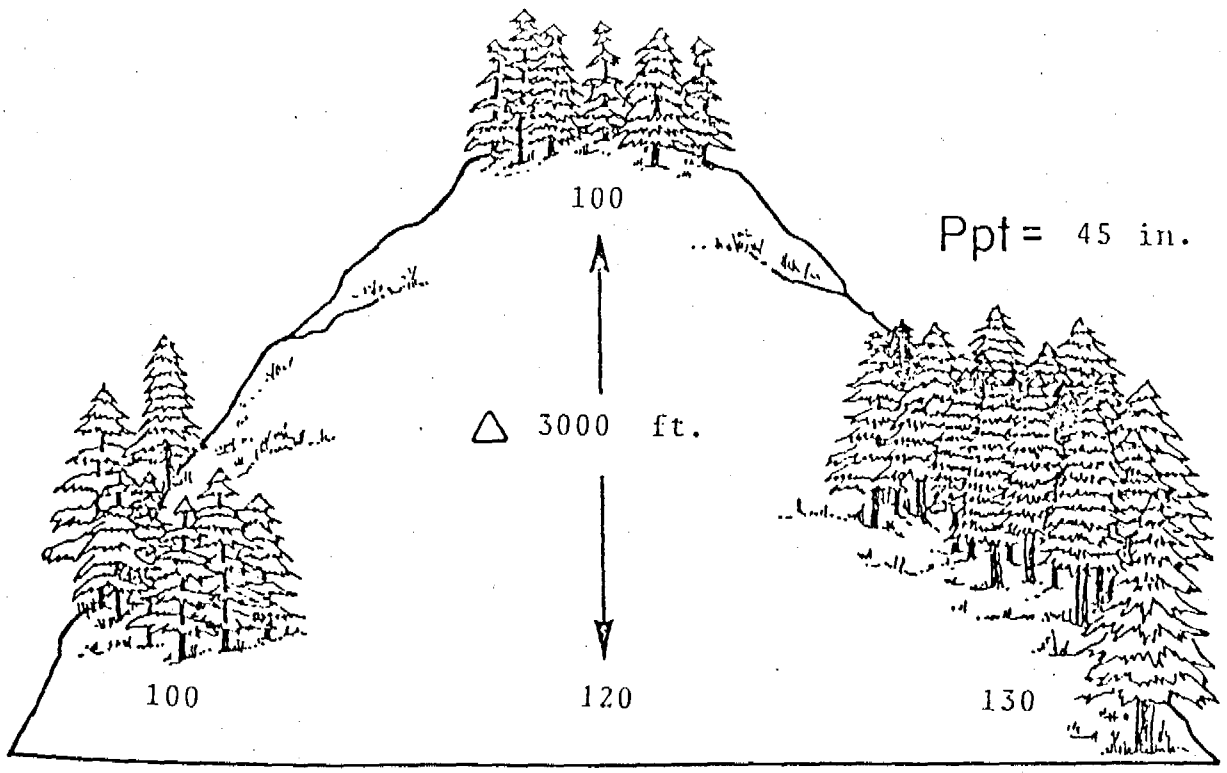


INFLUENCE OF TOPOGRAPHY ON FOREST PRODUCTIVITY



$ft^3/ac/yr$

NORTH SOUTH



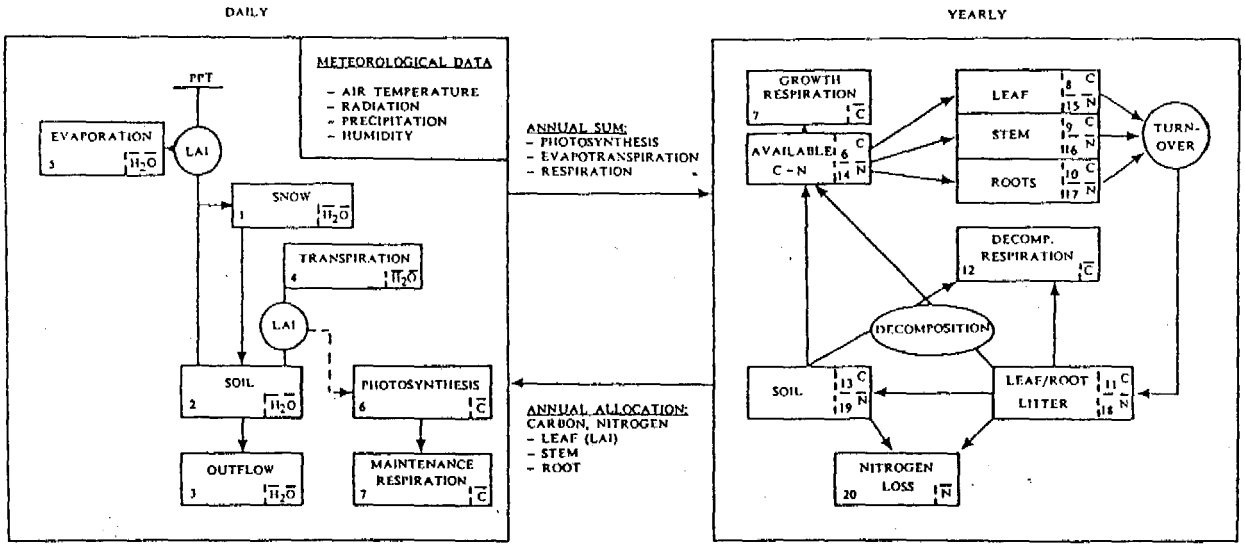


FIGURE 1. A compartment flow diagram of FOREST-BGC, illustrating the daily and yearly components of the model. Compartments are defined by element for H_2O, water; C, carbon; and N, nitrogen.

DATA INTEGRATION FLOWCHART

PARAMETER	SOURCE	DERIVED INPUTS	MODELS	OUTPUT
Vegetation	NOAA/AVHRR	Leaf area index		
Climate	GOES/VISSR	Solar radiation		
	NOAA/NWS	Temperature		ET
	NOAA/NESS	Humidity	MT-CLIM → FOREST-BGC	
		Precipitation		
Topography	USGS	Elevation		
		Slope, Aspect		PSN
Soils	SCS	Soil water holding capacity		

NOAA = National Oceanic and Atmospheric Administration
AVHRR = Advanced Very High Resolution Radiometer
GOES = Geostationary Orbiting Environmental Satellite
VISSR = Visible and Infrared Spin Scan Radiometer
NWS = National Weather Service
NESS = National Earth Satellite Service
USGS = United States Geological Survey
SCS = Soil Conservation Service
MT-CLIM = Mountain microclimate simulator
FOREST-BGC = Forest ecosystem simulation model
ET = Evapotranspiration
PSN = Photosynthesis

FIGURE 3

GEOGRAPHIC INFORMATION SYSTEM

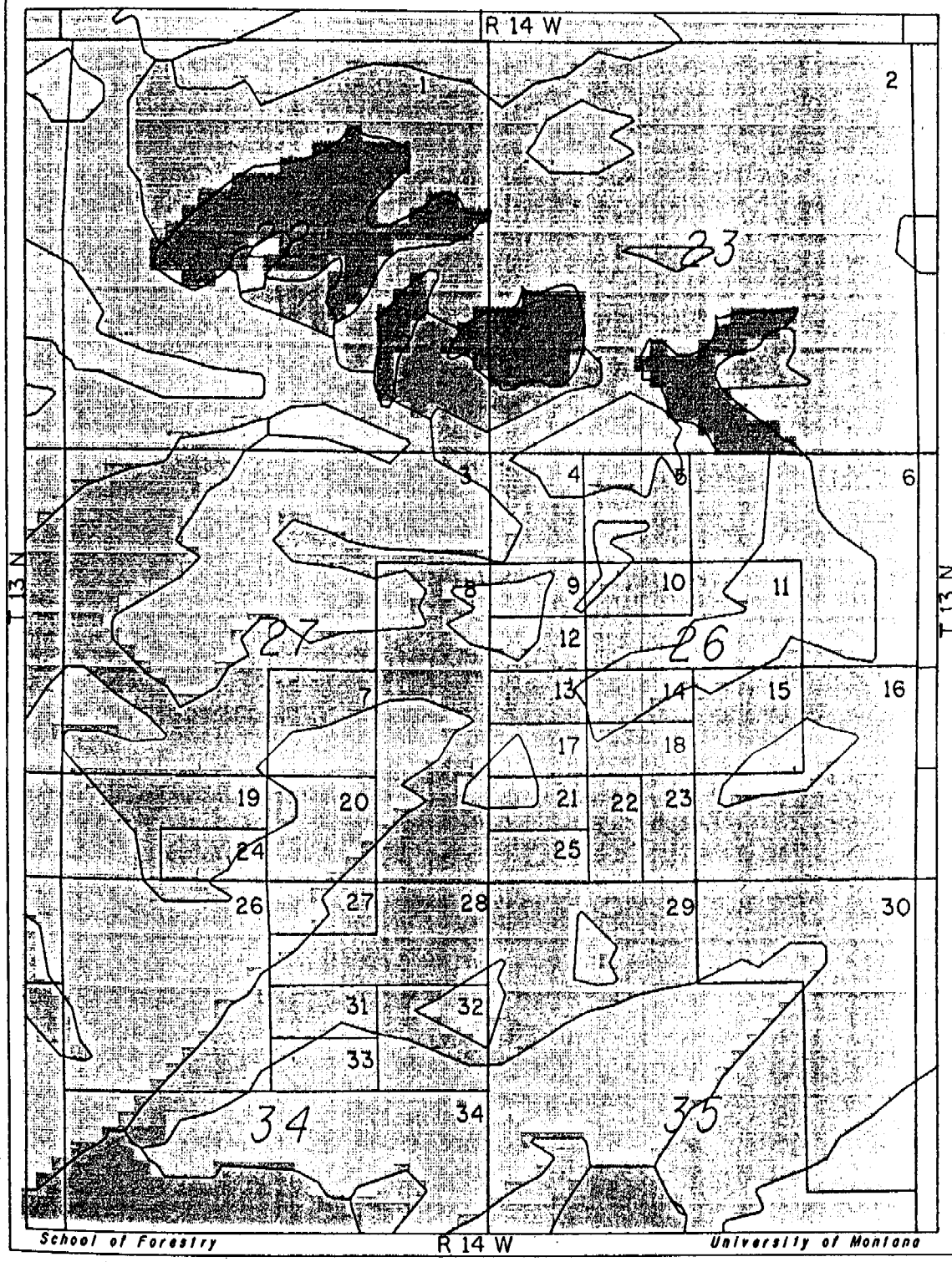
LUBRECHT POTENTIAL FOREST PRODUCTIVITY

Pilot Study: Montana Forest Taxation Project

Kelsey Milner
Steve Running
Hans Zuuring

Land ownership code: 22 Section numbers: 22

Class 8 | Class 7 | Class 6 | Class 5 | Non-Forested



Lubrecht Taxation Example: Land Ownership by Potential Productivity Class

KEY	OWNER	LEGAL DESCRIPTION T	R	SEC	SUBDIVISION	POTENTIAL PRODUCTIVITY CLASS	ACRES
1	MFCES	13N	14W	22	All, Fractional	Class 5	56
						Class 6	208
						Class 7	181
						Class 8	36
						Non-Forested	111
2	MFCES	13N	14W	23	All, Fractional	Class 6	52
						Class 7	454
						Class 8	26
						Non-Forested	64
3	MFCES	13N	14W	27	NE1/4NE1/4, W1/2NE1/4, NW1/4, N1/2SW1/4	Class 6	188
						Class 7	177
4	MFCES	13N	14W	26	NW1/4NW1/4	Class 6	36
5	Private	13N	14W	26	NE1/4NW1/4	Class 6	16
						Class 7	23
6	MFCES	13N	14W	26	E1/2NE1/4, NW1/4NE1/4	Class 6	52
						Class 7	84
7	Private	13N	14W	27	NW1/4SE1/4	Class 6	21
						Class 7	23
8	BLM	13N	14W	27	SE1/4NE1/4, E1/2SE1/4	Class 6	45
						Class 7	75
9	Private	13N	14W	26	N1/2SW1/4NW1/4	Class 6	6
						Class 7	10
10	Private	13N	14W	26	N1/2SE1/4NW1/4	Class 6	1
						Class 7	17
11	DSL	13N	14W	26	SW1/4NE1/4, S1/2SE1/4NW1/4	Class 6	33
						Class 7	5
12	Private	13N	14W	26	S1/2SW1/4NW1/4	Class 6	7
						Class 7	9
13	Private	13N	14W	26	E1/2SE1/4SW1/4	Class 7	44
14	Private	13N	14W	26	N1/2NE1/4SW1/4	Class 6	18
						Class 7	3
15	Behl	13N	14W	26	NW1/4SE1/4	Class 6	10
						Class 7	27
16	BLM	13N	14W	26	NE1/4SE1/4, S1/2SE1/4	Class 6	15
						Class 7	101
17	DSL	13N	14W	26	S1/2NW1/4SW1/4	Class 6	6
						Class 7	10
18	Private	13N	14W	26	S1/2NE1/4SW1/4	Class 7	22
19	Private	13N	14W	27	SW1/4SW1/4, N1/2SE1/4SW1/4	Class 6	21
						Class 7	30
20	Smilde	13N	14W	27	SW1/4SE1/4	Class 6	31
						Class 7	6
21	Private	13N	14W	26	N1/2SW1/4SW1/4	Class 6	5
						Class 7	11
22	Private	13N	14W	26	W1/2SE1/4SW1/4	Class 7	16
24	Private	13N	14W	27	S1/2SE1/4SW1/4	Class 6	3
						Class 7	15

25	DSL	13N 14W 26	S1/2SW1/4SW1/4	Class 7	16
26	Private	13N 14W 34	NW1/4	Class 6	122
				Class 7	31
27	Private	13N 14W 34	N1/2NW1/4NE1/4	Class 6	12
				Class 7	12
28	DSL	13N 14W 34	NE1/4NE1/4,	Class 6	5
			S1/2NW1/4NE1/4	Class 7	59
29	BLM	13N 14W 35	W1/2, SW1/4NE1/4,	Class 6	155
			NW1/4SE1/4, S1/2SE1/4	Class 8	23
30	DSL	13N 14W 35	N1/2NE1/4, SE1/4NE1/4,	Class 6	36
			NE1/4SW1/4	Class 7	123
31	Tucker	13N 14W 34	N1/2SW1/4NE1/4	Class 6	1
				Class 7	17
32	Smilde	13N 14W 34	SE1/4NE1/4	Class 6	23
				Class 7	14
33	Greene	13N 14W 34	S1/2SW1/4NE1/4	Class 6	16
				Class 7	2
34	BLM	13N 14W 34	S1/2	Class 6	132
				Class 7	22
				Class 8	65

CURRICULUM VITAE OF

PRINCIPAL INVESTIGATORS

RESUME
November, 1990

Kelsey S. Milner
Associate professor, School of Forestry
University of Montana
Missoula, Montana 59812
(406) 243-6653

Education:

B.A. Mathematics; Washington State University Pullman WA. 1968
M.S. Forestry; University of Montana, Missoula; 1980
Ph.D Forestry; University of Montana, Missoula 1986

Experience:

1964-1968	Forestry technician, USFS, Sula, MT
1968-1969	U.S. Army, 4th Infantry Division, Vietnam
1974-1978	Forestry technician, USFS, Sula, MT
1978-1979	Research assistant, School of Forestry, University of Montana, Missoula, MT
1980-1985	Research forester, Champion International Corporation, Milltown, MT
1985-1989	R & D Supervisor, Western Operation, Champion International Corporation, Milltown MT
1989-	Champion Professor of Forestry, School of Forestry, University of Montana, Missoula, MT

Pertinent project experience:

1985-1989 R & D Supervisor, Champion International. Annual budget of $300,000 applied to research activities in Montana, Washington, Oregon, and California.

1989- Growth and Yield Specialist for the Inland Northwest Growth and Yield Cooperative. Annual budget of $36,000.

Journal Referee:

Forest Science
Canadian Journal of Forestry Research
USFS Intermountain Forest and Range Experiment Station

Publications:

30 Champion International internal research reports

CURRICULUM VITAE
(SEPTEMBER 1990)

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Professor, School of Forestry, University of Montana,
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Born: April 18, 1950; Spokane, Washington; U.S. Citizen; SS# 534-52-4404

Marital Status: Married, 2 children

Education:

B.S.	Botany; Oregon State University, Corvallis	1972
M.S.	Forest Management; Oregon State University	1973
Ph.D.	Forest Ecophysiology; Colorado State University, Fort Collins	1979

Society Affiliations:
American Meteorological Society
Ecological Society of America
International Union of Forest Research Organizations

Proposal Reviewer:
National Science Foundation
National Aeronautics and Space Administration
American Institute of Biological Sciences
Natural Sciences and Engineering Research Council of Canada
U.S.D.A. Cooperative Research Program
U.S. Dept. of Energy
U.S. Environmental Protection Agency
California Space Institute

Committee Appointments:
National Academy of Sciences, Space Science Board - Planetary Biology and Chemical Evolution Committee participant 1982-1984.
NASA - Land Related Global Habitability Program Planning 1982-1983.
NASA - Global Biology Review Panel 1983-1984.
NASA - MODIS Instrument Panel 1984-1986.
NASA - Interdiscplinary Studies Review Panel 1986.
NASA - Shuttle Imaging Radar - C Review Panel. 1988.
NASA - High Resolution Imaging Spectrometer Review Panel 1988.
NASA - Management Operations Working Group. 1988-1990
NASA - Terrestrial Ecosystems Program Advisory Group 1988-1990
International Geosphere-Biosphere Program - Committee on Global Hydrology 1988-1990
NASA - Earth Observing System MODIS Team Member 1989-1999
World Climate Research Programme - WCRP/IGBP Land Surface Experiments, 1990-1994
Global Change Institute, Earth Systems Modeling Workshop 1990

Awards, Honors
University of Montana, Distinguished Scholar - 1990

Journal Referee:

Science
Bioscience
Ecology
Canadian Journal of Forest Research
Canadian Journal of Botany
Forest Science
Northwest Science
Water Resources Research

Remote Sensing of Environment
USFS Rocky Mountain Forest and Range Experiment Station
USFS Intermountain Forest and Range Experiment Station
USFS Pacific Northwest Forest and Range Experiment Station
Tree Physiology
Australian Journal of Forest Research
J. Range Management
American Naturalist
AI Applications in Natural Resource Management
J. applied Meteorology
International. J. of Remote Sensing
Ecological Applications
J. Environmental Quality
Agronomy Journal

her reviews:

Academic Press Publishers Inc.
American Meteorological Society
Weyerhauser Corporation
American Association for the Advancement of Science
Australian National University

perience:

1968	Surveyor, U.S. Forest Service, Marblemount, Washington
1969-1970	Research Assistant, Dept. Forest Management, Oregon State University
1972-1973	Graduate Research Assistant, Dept. Forest Management, Oregon State University
1973-1974	Forest Ecologist, Environmental Associates Inc., Corvallis, Oregon
1974-1976	Research Assistant, Coniferous Forest Biome, Oregon State University
1976-1979	Graduate Research Assistant, Dept. of Forest and Wood Sciences, Colorado State University
1976-1979	Research Forester, Forest and Mtn. Meteorol. Project, Rocky Mtn. Forest and Range Experiment Station, Fort Collins, Colorado
1979	Senior Research Associate, Natural Resource Ecology Laboratory, Colorado State University
1979-1983	Assistant Professor, Forest Ecophysiology, School of Forestry, University of Montana, Missoula
1983-1988	Associate Professor, Forest Ecophysiology, School of Forestry, University of Montana, Missoula
1986-7	Visiting Sabbatical Scientist, CSIRO Division of Forest Research, Canberra, Australia
1988-	Professor, Forest Ecology, School of Forestry, University of Montana

ublications:

ow, A.P., & S.W. Running. 1975. Comparison of two techniques for measuring surface area of conifer needles. For. Sci. 21:231-232.

unning, S.W., R.H. Waring, & R.A. Rydell. 1975. Physiological control of water flux in conifers. Oecologia (Berl.) 18:1-16.

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unning, S.W. 1978. A process oriented model for live fuel moisture. IN: Proceedings 5th National Conference on Fire and Forest Meteorology, American Meteorological Society, Boston, Mass. p. 24-28.

ing, R.H., & S.W. Running. 1978. Sapwood water storage: its contribution to transpiration and effect upon water conductance

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McDonald, S., & S.W. Running. 1979. Monitoring irrigation in western forest tree nurseries. USDA Forest Service Gen. Tech. Report RM-61. Rocky Mt. For. and Range Exp. Stn., Fort Collins, CO. 8 p.

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Running, S.W. 1982. Insolation and heat effects on tree seedlings on newly cleared sites. (p. 87-92). IN: Site Preparation and Fuels Management on Steep Terrain. February 15-17, 1982. Washington State University Extension Publication. p. 179. (Invited paper).

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Running, S.W. 1982. A biophysical assessment of the regeneration and growth potential of forest land in Montana. p. 58-75. IN: Management of Second Growth Forests: The State of Knowledge and Research Needs. J. O'Loughlin and R.D Pfister, eds., School of Forestry, University of Montana, Missoula, Montana 59812. 269 p.
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Running, S.W., & R.D. Hungerford. 1983. Spatial extrapolation of meteorological data for ecosystem modeling applications. In: Proceedings of the 16th Conference on Agriculture and Forest Meteorology. American Meteorology Society. Ft. Collins, CO., April 25-29, 1983. p. 192-195.

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and S.W. Running. 1988. Site quality estimation of ponderosa pine stands in Montana. IN: Ponderosa Pine: the species

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Running, S.W., R.R. Nemani, D.L. Peterson, L.E. Band, D.F. Potts, L.L. Pierce, and M.A. Spanner. 1989. Mapping regional forest evapotranspiration and photosynthesis by coupling satellite data with ecosystem simulation. Ecology. 70:1090-1101.

Nemani, R.R. and S.W. Running. 1989. Estimation of regional surface resistance to evapotranspiration from NDVI and thermal infrared AVHRR data. J. appl Meteorology. 28:276-284.

Spanner, M.A., L.L. Pierce, D.L. Peterson, S.W. Running. 1990. Remote sensing of temperate coniferous forest leaf area index: The influence of canopy closure, understory vegetation and background reflectance. International Journal of Remote Sensing 11:95-111

Coughlan, J.C. and S.W. Running. 1989. An expert system to aggregate forested landscapes within a geographic information system. Artificial Intelligence Applications in Natural Resource Management 3:35-43.

Running, S.W. 1990. Estimating terrestrial primary productivity by combining remote sensing and ecosystem simulation. IN: Ecological Studies Vol "Remote Sensing of Biosphere Functioning. H. Mooney and R. Hobbs. eds Springer-Verlag p 65-86. (invited paper)

McMurtrie, R.E., M.L.Benson, S.Linder, B.J.Myers, S.W. Running, T.Talsma and W.J.B. Crane. 1990. Water-nutrient interactions affecting the productivity of stands of Pinus radiata. Forest Ecology and Management 30:415-423

Peterson, D.L. S.W. Running, J.D. Aber 1989. Analysis of airborne multi-spectral imagery for forest ecosystem parameters. IN: 3rd Interagency Airborne Science Workshop. La Jolla, Calif. Feb 21-24, 1989.

Pierce, L.L., S.W.Running and G.A.Riggs. 1990. Remote detection of canopy water stress in coniferous forests using the NS001 Thematic Mapper simulator and the thermal infrared multispectral scanner. Photogrammetric Engineering and Remote Sensing. 56:579-586

Running, E.R. Jr., S.W. Running, and T.A. Federer. 1989. Resistances and capacitances for soil-plant-atmosphere models of water flow at various temporal and spatial scales. Agric and Forest Meteorology. (in press). (invited paper)

Running, S.W. 1989. Simulating regional evapotranspiration with vegetation parameterization by satellite. IN: Measurement and Parameterization of Land Surface Evaporation Fluxes. T. Schmugge and J.C. Andre eds. Springer-Verlag, New York. (in press) (invited paper)

Band, L.E. D.L.Peterson, S.W. Running, J.Dungan, R.Lathrop, J.Coughlan, R.Lammers, and L.Pierce. 1989. Forest ecosystem processes at the watershed scale: 1. Basis for distributed simulation. Ecological Modeling (submitted).

Higgins, S.S., F.E. Larsen and S.W. Running. 1989. Modelled predictions of transpiration and carbon gain/loss for stands of conifer, olive and peach in Jordan. Acta Horticultura (in press).

Riggs, G.A. and S.W. Running. 1990. Detection of canopy water stress in conifers using the airborne imaging spectrometer. Remote Sensing of Environment. (in press)

Running, S.W. and R.Nemani. 1990. Regional hydrologic and carbon balance responses of forests resulting from global climate change. Climatic Change (in press)

Running, S.W. 1990. A modified integrated NDVI for improving estimates of terrestrial net primary production. IN: Proceedings Society of Optical Engineering, Orlando, FL, 17-21 April 1990.

Running, S.W., J.C. Coughlan, D.L.Peterson, L.E. Band. 1990. Mapping regional forest evapotranspiration and photosynthesis by coupling satellite data with ecosystem simulation. IN: 1990 Proceedings Int. Geosciences and Remote Sensing. p 265-268

Hoyt, E.R., and S.W. Running. 1990. Problems with scaling leaf water relations to regional scales. IN: 1990 Proceedings Int. Geosciences and Remote Sensing Symposium. pp 1259-1262

Riggs, G. and S.W.Running. 1990. Estimating forest water stress with high resolution imaging spectrometer. IN: 1990 Proceedings Int. Geosciences anf Remote Sensing Symposium. pp 893-896.

Abstracts: Abstracts of at least 45 presented papers have been published in the Bulletin of the Ecological Society of America, American Meteorological Society Proceedings, and many other conference reports.

SWRUNNING

Research Projects 1989 - 1990

Extrapolation of process models of ET and NPP of coniferous forests to large spatial scales. NASA 10/87-10/90, 1990 Budget $224,993

Estimating regional forest evapotranspiration and photosynthesis with a satellite derived vegetation index and surface temperature. National Science Foundation 1/89 - 6/91, 1990 Budget $85,352

Interaction of climate and nutrition on forest production: Comparison of controlling factors in contrasting environments. National Science Foundation 3/90 - 8/91 $60,233

Canopy carbon and water fluxes from terrestrial vegetation: Development of EOS/MODIS. NASA 2/90 - 12/90 $25,000

Parameterization, testing and validation of microclimate and ecosystem models on the Oregon Transect. NASA 10/89 - 9/90. $48,700

Coupling of FOREST-BGC and FORET ecosystem simulation models for projection of forest responses to global climatic change. Environmental Protection Agency 9/90 - 9/92, 1990 Budget = $40,000

Application of remote sensing and digital image analysis for assessing wildland fire severity. USDA Forest Service 8/89 - 12/92 $49,500

Shrub steppe ecosystem modeling project. Battelle Pacific Northwest Laboratories. 1/90 - 10/90 $7,000

Design and testing of a spatial information system for establishing source-receptor relationships between airborne pollutant emissions and ecological consequences. McIntire-Stennis 10/88-10/89 $13,600

Complex interaction in large oligotrophic lakes: Non-native species as strong interactors controlling spatial and trophic linkages. (with J.A. Stanford et al, Flathead Bio. Stn) 1/90 - 12/90. $10,000

NASA Global Change Graduate Fellowship for Lars L. Pierce, 10/90 - 10/91. $22,000

Total Grant Support 1989-1990: $586,378

RESUME

Name: Hans Robert Zuuring

Date/Place of Birth: August 21, 1942; The Hague, Netherlands.

Education: BScF (1966) in Forest Management.
University of Toronto, Canada.

PhD (1975) in Forest Biometry [Minor in Statistics]
Iowa State University, Ames, Iowa.

Current Positions:

Director of Geographic Information Systems Laboratory, full tenured professor, and biometrician of Montana Forest and Conservation Experiment Station, School of Forestry, University of Montana.

Recent Publications:

Schuster, E.G. and H.R. Zuuring. 1986. Quantifying the Unquantifiable, or, have you stopped abusing measurement scales? Jour. of For. 84(4): 25-30.

Zuuring, H.R., J.D. Arney and K.S. Milner. 1987. Generic graphical analyses for tree growth model invalidation. In Forest Growth Modelling and Prediction, Volume 2, Proceedings of the IUFRO Conference, August 23-27, 1987, Minneapolis, Minnesota. pp. 828-834. Editors: A.R. Ek, S.R. Shifley, T.E. Burk. USDA For. Serv., Gen. Tech. Rep. NC-120, North Central For. Expt. Stn. 1149 p.

Korol, R.L., and H.R. Zuuring. 1988. Development of a mechanistic stand growth model for uneven-age Douglas-fir in south-central British Columbia. In Forest Simulation Systems, Proceedings of the IUFRO Conference, November 2-5, 1988, Univ. of California, Berkeley, CA. pp. 31-38. Editors: L.C. Wensel and G.S. Biging. Univ. of California, Divn. of Agriculture and Nat'l Resources, Bulletin 1927.

Zuuring, H.R., and R.L. Korol. 1988. An economical and reliable stem analysis data acquisition method utilizing color slides and GIS capabilities. In Forest Simulation Systems, Proceedings of the IUFRO Conference, November 2-5, 1988, Univ. of California, Berkeley, CA. pp. 301-305. Editors: L.C. Wensel and G.S. Biging. Univ. of California, Divn. of Agriculture and Nat'l Resources, Bulletin 1927.

Potts, D.F., D.L. Peterson, and H.R. Zuuring. 1989. Estimating postfire water production in the Pacific Northwest. USDA For. Serv. Res. Pap. PSW-197. Pacific Southwest Forest and Range Expt. Stn., Berkeley, CA. 9 p.

Zuuring, H.R. 1989. Teaching GIS Concepts: The University of Montana School of Forestry Experience. In Forestry on the Frontier, Proceedings of the SAF National Convention, September 24-27, 1989, Spokane, Washington. pp. 49-51.

Recent Documents

Zuuring, H.R. 1988. General GIS Principles. Unpublished document. School of Forestry, Univ. of Montana, Missoula, MT. 24 p.

Zuuring, H.R. 1988. ERDAS Ver 7.3 Tutorial. Unpublished document. School of Forestry, Univ. of Montana, Missoula, MT. 41 p.

Zuuring, H.R. 1989. PAMAP GIS Ver 2.2 Overview. Unpublished document. School of Forestry, Univ. of Montana, Missoula, MT. 51 p.

Zuuring, H.R. 1990. PAMAP GIS Ver 2.2 Tutorial. Unpublished document. School of Forestry, Univ. of Montana, Missoula, MT. 97 p.

Recent Oral Presentations

Zuuring, H.R. 1987. Generic graphical analyses for tree growth model invalidation. Paper presented at the IUFRO Forest Growth Modelling and Prediction conference, Minneapolis, MN, August 24-28, 1987.

Zuuring, H.R. 1988. GIS: Experiences at the School of Forestry. Sigma Xi noon hour seminar, Univ. of Montana, October 20, 1988.

Korol, R.L., and H.R. Zuuring. 1988. Development of a mechanistic stand growth model for uneven-age Douglas-fir in south-central British Columbia. Paper presented at the IUFRO Forest Simulation Systems conference, Berkeley, CA, November 2-5, 1988.

Zuuring, H.R. 1989. Teaching GIS Concepts: The University of Montana School of Forestry Experience. Invited paper presented at the National SAF Convention, Spokane, WA, September 24-28, 1989.

Zuuring, H.R., and M. Manasi. 1990. Estimating forest productivity from remotely sensed data and topographic variables using the spatial analysis capabilities of a GIS. Invited paper presented at the Management and Productivity of Western Montana Forest Soils Symposium, Boise, ID, April 10-12, 1990.

FUNDED RESEARCH PROJECTS

1) **Title:** Physical Modeling of Duff Moisture Content.
Principal Investigators: D.F. Potts/H.R. Zuuring
Funding Agency: USDA For. Serv.
Duration: 4/7/87 to 6/30/90 **Amount:** $17,908

2) **Title:** Growth Prediction Model for Newly Established Stands under Various Levels of Vegetation Competition.
Principal Investigator: H.R. Zuuring
Funding Agency: a. Champion International Corp.
b. McIntire-Stennis
Duration: 7/1/87 to 9/30/91 **Amount:** a. $20,000
b. $33,571

3) **Title:** Development of a Mechanistic Stand Growth Model for Uneven-age Douglas-fir in South-Cental B.C.
Principal Investigator: H.R. Zuuring
Funding Agency: MORP (Study # 86)
Duration: 7/1/87 to 6/30/90 **Amount:** $19,381

4) **Title: Construction of a Database for Growth and Yield Model**ling of Interior Douglas-fir.
Principal Investigator: H.R. Zuuring
Funding Agency: a. McIntire-Stennis
b. Canadian Forestry Service
Duration: 2/2/88 to 9/30/89 **Amount:** a. $17,690
(In-kind Services) => b. $15,102

5) **Title:** The Development of a Stand Productivity GIS Layer for Lubrecht Experimental Forest by Spatial Analysis Utilizing LANDSAT Data.
Principal Investigator: H.R. Zuuring
Funding Agency: McIntire-Stennis
Duration: 6/22/88 to 9/30/90 **Amount:** $24,365

6) **Title:** The Development of Integrated Resource Analysis System: A Cooperative Venture with the Montana Department of State Lands and USDA Forest Service
Principal Investigator: S. Frissell, D.H. Jackson, H.R. Zuuring
Funding Agency: a. Dept. of Nat. Res. & Cons
b. Dept of State Lands
c. McIntire-Stennis
Duration: 7/1/90 to 6/30/92 **Amount:** a. $ 89,000
b. $ 35,000
c. $ 54,000
T O T A L $178,000

SENATE TAXATION
EXHIBIT NO. 43
DATE 4/10/91
BILL NO. HB 340

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 10th day of April, 1991.

Name: Janet Ellis

Address:

Telephone Number:

Representing whom?

MT Audubon Legislative Fund

Appearing on which proposal?

HB 340

Do you: Support? X Amend?____ Oppose?____

Comments:

Current ad valorem tax:

1) taxes value of land plus value of trees on land
2) As trees mature, becoming more valuable, the tax increases
3) If trees are harvested - the taxes decrease
4) this is an actual tax incentive to cut trees: encourages harvesting

Proposed productivity tax:

1) Landowner taxed same amount for land, regardless of if it has trees on it
2) Tax based on production capability of land

Our current system (ad valorem) is not good tax policy: Why charge a higher tax to a person maintaining old growth than a person who clearcuts?

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 15, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 340 (third reading copy -- blue), respectfully report that House Bill No. 340 be concurred in

Signed:

Mike Halligan, Chairman

Amd. Coord.

Sec. of Senate